

CONTENTS

	Page No.
Chapter-I	
a) Members of the Board	4
b) Aims & Objectives	8
c) Report on the working of the Board	9
Chapter-II	Financial Assistance
a) Loans	24
b) Grants	34
Chapter -III	Other Activities 73
Chapter -IV	Oil Industry Development Board at a Glance 80
Chapter -V	Annual Accounts 82
Chapter -VI	Audit Report of the Comptroller & Auditor General of India 111
Chapter -VII	Annual Report & Accounts of ISPRL 119
Chapter-VIII	Appendices 158



CHAPTER - I

- a) Members of Board**
- b) Aims & Objectives**
- c) Report on the working of the Board**

Members of the Board (During the period under Report)

CHAIRMAN

1. **Shri S. Sundareshan**
Secretary,
Ministry of Petroleum & Natural Gas

MEMBERS

2. **Shri Bijoy Chatterjee**
Secretary,
Deptt. of Chemicals & Petrochemicals
(upto 01.01.2011)
3. **Shri M. Raman**
Secretary,
Deptt. of Chemicals & Petrochemicals
(From 01.01.2011 onwards)
4. **Smt. Vilasini Ramachandran**
Special Secretary (Expenditure),
Ministry of Finance
5. **Shri P.K.Sinha**
Special Secretary & Financial Adviser,
Ministry of Petroleum & Natural Gas
6. **Shri D.N.Narasimha Raju**
Joint Secretary,
Ministry of Petroleum & Natural Gas
7. **Shri Sunil Kumar Srivastava**
Director General,
Directorate General of Hydrocarbons
8. **Shri B. M. Bansal**
Chairman & Managing Director
Indian Oil Corporation Ltd.
(Upto 30.09.2010)

9. **Shri R. S. Butola**
Chairman & Managing Director
Indian Oil Corporation Limited
(28.02.2011 onwards)
10. **Shri B.C. Tripathi**
Chairman & Managing Director,
GAIL (India) Ltd.
11. **Shri R.S. Sharma**
Chairman & Managing Director,
Oil and Natural Gas Corporation Ltd.
(upto 31.01.2011)
12. **Shri A. K. Hazarika**
Chairman & Managing Director,
Oil and Natural Gas Corporation Ltd.
(01.02.2011 onwards)
13. **Shri Ashok Sinha**
Chairman & Managing Director
Bharat Petroleum Corporation Limited
(upto 18.08.2010)
14. **Shri R. K. Singh**
Chairman & Managing Director
Bharat Petroleum Corporation Limited
(08.12.2010 onwards)
15. **Shri Arun Balakrishnan**
Chairman & Managing Director
Hindustan Petroleum Corporation Limited
(upto 31.07.2010)
16. **Shri Roy Choudhary**
Chairman & Managing Director
Hindustan Petroleum Corporation Limited
(01.08.2010 onwards)
17. **Shri Anand Kumar**
Director (R&D),
Indian Oil Corporation Limited
(upto 30.06.2010)
18. **Dr. R. K. Malhotra**
Director (R&D),
Indian Oil Corporation Limited
(01.07.2010 onwards)
- MEMBER SECRETARY**
19. **Shri Arun Kumar**
Secretary,
Oil Industry Development Board

OFFICERS/BANKERS/AUDITORS OF THE BOARD (DURING THE PERIOD UNDER REPORT)

Secretary	Shri Arun Kumar
FA&CAO	Shri T.S.Balasubramanian
Bankers	i) State Bank of India ii) Oriental Bank of Commerce iii) Corporation Bank iv) Indian Overseas Bank
Auditors	Principal Director of Commercial Audit & Ex-officio Member, Audit Board –II, Mumbai
Office of the Board (Registered)	Oil Industry Development Board 301, World Trade Centre Babar Road, New Delhi-110001.
Corporate Office	Oil Industry Development Board OIDB Bhawan, Plot No. 2, 3 rd Floor, Sector -73, NOIDA- 201 301. (U.P.)
Telephone Nos.	011-23413540 [Delhi office] 011-23414692 0120-2594602 [NOIDA Office] 0120-2594627
Fax	011-23414882 [Delhi office] 0120-2594630 [NOIDA office]
E-mail	oidb-mopng@nic.in
Website	www.oidb.gov.in

CHAIRMAN AND MEMBERS OF THE BOARD



S. Sundareshan



Bijoy Chatterjee



M. Raman



Vilasini Ramachandran



P. K. Sinha



D. N. Narasimha Raju



Sunil Kumar Srivastava



B.M. Bansal



R. S. Butola



B. C. Tripathi



R. S. Sharma



A. K. Hazarika



Ashok Sinha



R. K. Singh



Arun Balakrishnan



Roy Choudhary



Anand Kumar



R. K. Malhotra



Arun Kumar

Aims & Objectives

To administer Oil Industry Development Fund.

To render financial and other assistance conducive for the development of oil industry.

To make grants and advance loans for activities such as: -

- ✱ **Prospecting for and exploration of crude Oil & Natural Gas**
- ✱ **Projects providing pollution free environment**
- ✱ **Refining & marketing of petroleum and petroleum products**
- ✱ **Conservation for greater economy of hydrocarbons.**

Funding of research and development programmes for sustainable development of oil industry

To promote indigenisation of oil field equipment and Services in the country.

Funding the activities related to energy security of India.

1. Introduction

The Oil Industry (Development) Act, 1974 was enacted following successive and steep increase in the international prices of crude oil and petroleum products since early 1973, when the need of progressive self-reliance in petroleum and petroleum based industrial raw materials assumed more importance. The following objects were included in the statement of Objects and Reasons for the Oil Industry (Development) Bill, 1974:

- (i) The programs for securing self-reliance in petroleum & petroleum based raw materials should be rapidly stepped up.
- (ii) Necessary resources for execution of such programs must be assured.
- (iii) For these purposes cess be levied on crude oil and natural gas to create an Oil Industry (Development) Fund.
- (iv) The fund would be used exclusively to provide financial assistance to the organizations engaged in development programs of oil industry.

Preamble to the Oil Industry (Development) Act clarifies that the purpose of the Act is to provide for the establishment of a Board for development of oil industry and for that purpose to levy duty of excise on crude oil and natural gas and for matters connected therewith.

2. Organizational Set-up and Functions of the Board

The Oil Industry Development Board was established on 13th January, 1975 under the Oil Industry (Development) Act, 1974 to provide financial assistance for development of Oil Industry. Its organizational set up consists of:

- a) Chairman
- b) Members and
- c) Secretariat

The Oil Industry Development Board is functioning under the administrative control of Ministry of Petroleum & Natural Gas. The functions of the Board have been defined in Section 6 of OI Act.

The measures for which Board may render assistance for the promotion of Oil Industry include:

- a) Prospecting for and exploration of mineral oil within or outside India;

- b) The establishment of facilities for production, handling, storage and transportation of crude oil;
- c) Refining and marketing of petroleum and petroleum products;
- d) The manufacture and marketing of petrochemicals and fertilizers;
- e) Scientific, technological and economic research which could be directly or indirectly useful to oil industry;
- f) Experimental or pilot studies in any field of oil industry;
- g) Training of oil industry personnel in India or abroad.

Any oil industrial concern or other person who is engaged in any activity, which is directly or indirectly connected with the oil industry in the country, is eligible for financial or other assistance from the Board.

The Board is also duty bound to carry out such directions as may be issued to it from time to time by the Central Government for the efficient administration of the Act.

3. Resources of the Board

Section 15 of the Oil Industry (Development) Act, 1974 provides for collection of cess as a duty of excise on indigenous crude oil and natural gas. The cess has been levied on crude oil, from time to time, at the following rates:

Rs.60 per tonne	w.e.f. 23 rd July, 1974
Rs.100 per tonne	w.e.f. 13 th July, 1981
Rs.300 per tonne	w.e.f. 15 th February, 1983
Rs.600 per tonne	w.e.f. 1 st March, 1987
Rs.900 per tonne	w.e.f. 1 st February, 1989
Rs.1800 per tonne	w.e.f. 1 st March, 2002
Rs.2500 per tonne	w.e.f. 1 st March, 2006

No cess is leviable on crude oil produced from NELP blocks.

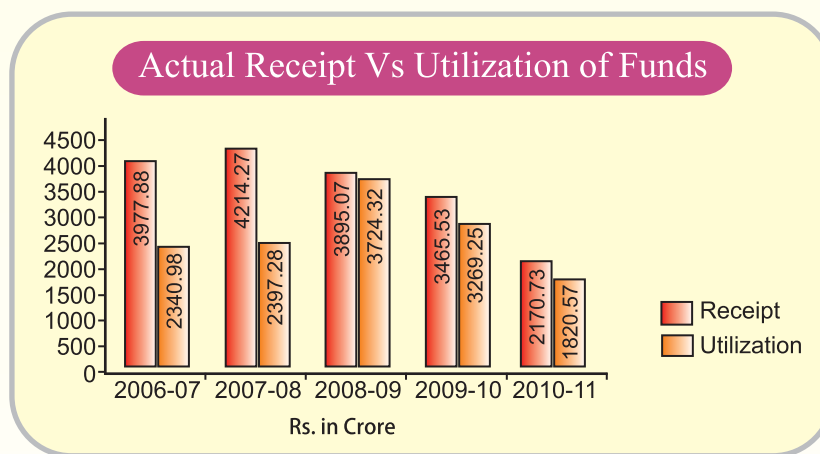
The Central Government has, in the public interest, limited the duty of excise on crude oil production to Rs. 900 per tonne from the 26 identified fields under Production Sharing Contracts.

The proceeds of the duties of excise levied under Section 15 of Oil Industry (Development) Act are first credited to the Consolidated Fund of India and the Central Government may, if Parliament by appropriation made by law in this behalf, so provides, pay to the Board from time to time, from out of such proceeds, after deducting the expenses of collection, such sums of money as it may think fit for being utilized exclusively for the purposes of this Act.

Accordingly, the Central Government has paid an amount of Rs. 902 crore to OIDB out of the cess amount of more than Rs. 95320 crore (**Annexure**) since inception and up to 31st March 2011.

The Central Government under section 17 of the Act may also, after due appropriation made by Parliament by law in this behalf, pay to the Board by way of grants or loans such sums of money as the Central Government may consider necessary. However, no loan or grant has been given to OIDB so far.

The OIDB also generates its internal resources by way of interest income on loans given to various oil sector companies and short-term investment of surplus funds in Fixed Deposit Receipts. The cess receipts along with these internal receipts have contributed to Oil Industry (Development) Fund to accumulate to Rs.10175 crore approximately as on 31st March, 2011.



4. Assistance to Oil Industry

The OIDB has been entrusted with the responsibility to render, in such manner, to such an extent and on such terms and conditions, as it may deem fit, financial and other assistance for the promotion of all such measures as are, in its opinion, conducive to the development of oil industry. The Board has been generally rendering financial assistance by way of:

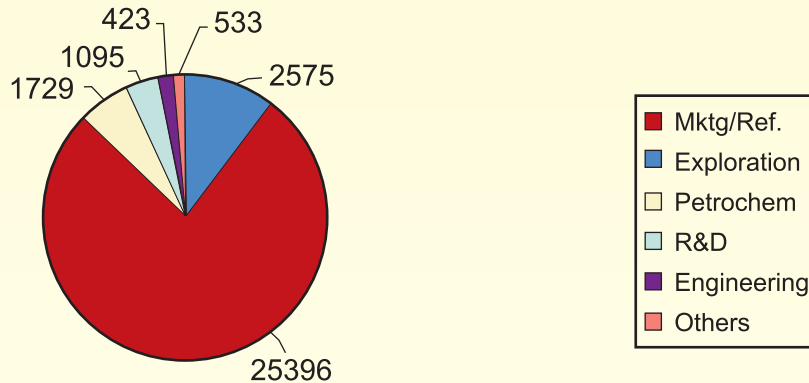
- (i) Advancing loans to oil industrial concerns;
- (ii) Disbursement of grants for the implementation of research and development programs conducive to the development of oil industry;
- (iii) Subscribing to the stocks and shares of Oil Industrial concerns.

The Board also funds the expenditure of Contract Cell of Ministry of Petroleum & Natural Gas

5. Deployment of funds

The OIDB has accorded highest priority to the programs connected with exploration, production, refining, marketing, research and development and the activities related to the energy security of India. OIDB has provided financial assistance of Rs.30,174 crore in the form of loan assistance to oil companies and grant-in-aid of Rs.1577 crore to various institutions/companies since its inception and up to 31st March 2011 for implementation of various programs conducive to the development of oil industry. In addition, the OIDB has invested its funds in the equity share of M/s Bienco Lawrie Ltd (BLL) to the tune of Rs.17.58 crore and Rs.341.24 crore approximately in ISPRL upto the end of March 2011. As per directions of the Government, the OIDB has been paying additional royalty to State Governments & Contractors to meet its commitment on fiscal stability in Production Sharing Contracts (PSCs) relating to discovered fields in first and second rounds of NELP. The OIDB has so far paid an amount of Rs.93.86 crore approximately to various State Governments/contractors on this account upto 31.03.2011. A major portion of the loan assistance has been given to oil companies for meeting capital outlay of plan projects. The sector wise disbursement as on 31st March 2011 is as under:

SECTOR-WISE DISBURSEMENT AS ON 31.03.11



6. Terms & Conditions of OIDB loans

The OID Board determines the terms and conditions governing the loans from time to time keeping in view the nature of the project(s) being undertaken by the Oil PSUs and the current market scenario. An independent Project Appraisal Cell carries out the eligibility of OIDB loan assistance. Based on the recommendations of this cell, the OID Board considers the loan assistance to various oil companies.

Review of Interest Rates on OIDB loan

The OID Board has constituted a Standing Committee for review of the interest rates on OIDB loans for different tenures after taking into account the interest rates prevailing in the market and giving its recommendations to the Board. The Committee meets once in every quarter to review the interest rates on OIDB loans. The formulation for charging interest rates on OIDB loans is as follows :

- The month-end interest rates for Government Securities having different residual maturities as per the latest available RBI's monthly bulletin is taken as the benchmark rates for computing interest rates on OIDB loans for different tenures.
- 50% of the Corresponding month-end margins of AAA rated Bond on Government securities available in page INCORP (Quote AAA INBMK) is added to the benchmark rate.

Discounts

As per the recommendations of the Committee, further discounts on interest rates on OIDB loans are also given to certain type of projects such as: -

- ❖ Projects of Strategic National Importance that have a direct bearing on the energy security of the country are eligible for a discount of 100 basis points on the effective interest rates.
- ❖ Environmental Improvement projects and projects for special areas, such as, North-East region, J&K state etc. are eligible for a discount of 50 basis points on the effective interest rates.

Accordingly, the OIDB loans for the months of April 2010 to March 2011 carried the following interest rates:

Interest rates charged on OIDB loans (Financial Year 2010-11)

(%) per annum

Month	Period of Loan			
	1 Year	3 Years	5 Years	10 Years
April 2010	6.08	7.02	7.70	8.05
May 2010	5.71	7.14	7.98	8.29
June 2010	5.41	7.01	7.70	8.24
July 2010	5.58	6.74	7.60	8.04
August 2010	5.88	6.82	7.63	8.00
September 2010	6.24	6.98	7.66	8.05
October 2010	6.81	7.38	7.91	8.24
November 2010	7.14	7.56	8.06	8.29
December 2010	7.22	7.59	8.02	8.20
January, 2011	7.42	7.82	8.13	8.36
February, 2011	8.02	8.07	8.18	8.29
March, 2011	8.26	8.35	8.31	8.37

7. Investment of surplus funds

In the course of its functioning, cash surpluses arise in OIDB due to gap between availability of funds and their drawal by Oil Companies/grantee institutions. As per Oil Industry (Development) Rules, the Board may decide about the manner and place of deposit of funds, provided that the deposit shall be made in any of the following bank or their wholly owned subsidiary as may be decided by the Board namely:

- A. State Bank of India
- B. Nationalized Banks

During January 2008, Ministry of Finance (MOF) has instructed that the practice of calling competitive bids for bulk deposits should be discontinued on the ground that it generates undesirable competition amongst banks leading to temporary hike in deposit rates. The MOF further suggested that the organization should place their bulk deposits with the banks with which they are having a regular course of business. MOF has clarified that these instructions are applicable to OIDB also. Accordingly, the OIDB is now following the instructions issued by MOF and keeping its surplus funds in banks with which it operates its regular transactions.

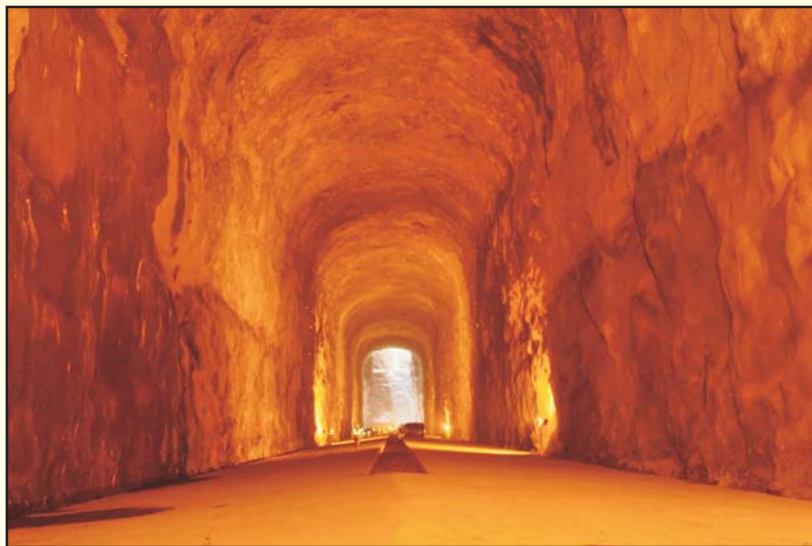
8. Major Activities

i) Construction of Strategic Crude Oil Storages through a Special Purpose Vehicle named “Indian Strategic Petroleum Reserves Limited” (ISPRL)

To ensure energy security, Government of India has decided to build a strategic crude oil reserve of 5 MMT through a Special Purpose Vehicle (SPV). The SPV named Indian Strategic Petroleum Reserves Limited (ISPRL) was initially a subsidiary of Indian Oil Corporation Limited. Later on w.e.f. 09.05.2006 it became a wholly owned subsidiary of Oil Industry Development Board (OIDB). Three locations selected for creating storages are Visakhapatnam (1.00 MMT), Mangalore (1.5 MMT) and Padur (2.5 MMT). Capital cost for constructing the strategic storage facilities is estimated at Rs.2397 crore and operation and maintenance cost at Rs.90 crore per annum at September, 2005 prices. The authorized and paid up capital of the company as on 31.03.2011 is Rs.1000 crore and Rs.341.24 crore respectively. OIBD has contributed Rs.961.89 crore towards equity participation (including Rs. 620.65 crore pending allotment of shares) in ISPRL. Status of the projects at the above 3 locations as on 31.03.2011 is as under:

a) Visakhapatnam

Engineers India Limited (EIL) has been appointed as Project Management Consultant (PMC). Out of 68 acres of land required for the project, 38 acres has been taken on lease from Vishakhapatnam Port Trust (VPT) and Memorandum of Understanding (MOU) has been signed for the balance land with Eastern Naval Command. Statutory clearances have been obtained. After supplementary site investigations, to avail the benefits of lower marginal costs for additional capacity, the cavern capacity has been increased to 1.33 MMT and approval accorded by the Government for the same.



Visakhapatnam Crude Cavern under Construction

The Underground works are being carried out by M/s Hindustan Construction Company. As of March 31st 2011, 18.74 lakh cubic meters of excavation was completed. The above ground works were awarded to M/s IOTIESL on 30.11.2009. As on 31.3.2011, orders for major critical items like crude submersible pumps and seepage water pumps etc. were placed. Materials have started arriving at site and site grading works were in progress. The overall project progress as of 31.3.2011 is 74.1%. The scheduled mechanical completion date for the project is October, 2011 and commissioning date is April, 2012. However, a rock slide incident inside Cavern A has impacted the completion schedule. The repair/restoration works are in progress.

b) Mangalore

EIL has been appointed as the Project Management Consultant. The land identified for Mangalore Cavern falls in the Mangalore SEZ area and 100 acres of land has been acquired from the Mangalore Special Economic Zone Limited (MSEZL). Environmental clearance has been received from MOE&F and Consent for Establishment has also been obtained from the State Pollution Control Board.

The Underground civil works are carried out through Joint Venture of M/s SK Engineering & Construction and Karam Chand Thapar Joint Venture (SKEC-KCT JV). Till 31st March 2011, a total of 3.04 lakh cubic meters of excavation has been completed out of 22.65 Lakhs cubic meters, corresponding to 3.9 kms. of tunneling out of 8.6 kms. of total tunneling. A total of 45 meters of shafts were completed out of 232.4 meters planned. For the aboveground works, four bidders were techno-commercially acceptable and their priced bids were opened on 3rd February 2011. Since it was discovered during evaluation that one Indian Bidder had quoted in two currencies, the tender could not be finalized by 31.3.2011. The Mechanical completion shall depend on placement of order for above ground works. The overall project progress as of 31.3.2011 is 33.6%.

Approval of Ministry of Commerce for Mangalore Project as co-developer of Free Trade Warehousing Zone (FTWZ) within MSEZ was received on 12th August 2010.

c) Padur

EIL has been appointed as the Project Management Consultant. Government of Karnataka has issued the order for land acquisition at Padur/Heruru villages in October 2008. Approximately 182 acres of land at Padur is being acquired through Karnataka Industrial Area Development Board (KIADB), out of which possession of 101.815 acres has been taken over in May 2010.

The underground civil works have been split into two parts i.e. Part A & Part B. The Part A works have been awarded to M/s HCC for Rs 374.66 Crore and Part B has been awarded to M/s SKEC-KCT JV for Rs 375.92 Crore on 29.12.2009 with completion time as 36 months. However as land was handed over by KIADB to ISPRL on 29th May 2010, the zero date for commencement of construction activities was 29th May 2010. The tender for aboveground works had been finalized by EIL and work order is in the process of awarding shortly. The overall project progress as of 31.3.2011 is 26%.

For the Mangalore-Padur pipeline Right of Use (ROU) acquisition, DC, Mangalore & DC, Udupi have nominated Special Land Acquisition Officer (SLAO) Karnataka Industrial Area Development Board (KIADB) as the land acquisition officer. ROU acquisition is being undertaken through KIADB and 3(1) notification has been issued in January 2011. Notices have been sent to individual land owners.

ii) PRE FEASIBILITY STUDIES FOR PHASE II OF STRATEGIC STORAGE PROGRAM

OID Board in its 77th meeting held on 3rd August 2009 had accorded in principle approval and Central Government conveyed its approval vide letter dated 12 February 2010 for undertaking Pre Feasibility Studies for the Phase II of Strategic Storage Program.

To this effect, Engineers India Ltd. has been assigned to undertake the pre feasibility studies so as to identify technically suitable sites and prepare a Preliminary Feasibility Report (PFR) with a fee of Rs.235 lakhs plus taxes.

The scope of the PFR covered selection of sites for creation of storage facilities for both crude oil and petroleum products, with type of storage and maximum possible capacity of storage for each selected site. Three different storage systems viz. underground unlined rock caverns, solution mined salt caverns and in-ground concrete tanks have been considered for the storage facilities. Thereby, new storage technologies are being adopted for implementation in the country.

The Draft Preliminary Feasibility Report by EIL on crude oil storage facilities have been submitted on 30th August 2010 and the Draft Preliminary Feasibility Report on product storage facilities have been submitted on 30th September 2010.

iii) Setting up of Rajiv Gandhi Institute of Petroleum Technology (RGIPT)

After having felt the need of establishing a single training and educational institution that can render expert technical and management training to the existing petroleum industry and which can provide world class multi-disciplinary techno-management, academic programmes in the petroleum fields for creating Human Resource of the future on a global basis to meet the emerging demand scenario in India and abroad, the Government decided to set up Rajiv Gandhi Institute of Petroleum Technology. The Institute initially established under Societies Act, has been declared as an Institute of National importance under RGIPT Act passed by Parliament in December,2007 (Act 54 of 2007). The Act has come into force w.e.f. 01.06.2008.

Jais Campus, Rai Bareilly

- a) One Centre of the Institute is being set up at Jais, Rai Bareilly at an estimated cost of Rs. 685 crore including the cost of land. Out of this an amount of Rs.150 crore comprising cost of land (Rs.45 crore) and Capital Expenditure (Rs.105 crore) is to be borne by OIDB. Constituent Oil PSUs viz. ONGC, OIL, GAIL, IOCL, BPCL and HPCL would contribute Rs.250 crore to endowment fund in the ratio of their profit after tax during the financial year 2005-06. Remaining Rs.285 crore would be met from budgetary support from Government of India through MOPNG.

RGIPT has acquired 47.50 acre of land at Jais by entering into an agreement with Indian Oil Tanking Limited, a Joint Venture of IOCL. Efforts are being made to acquire additional land of 95 acres from UPSIDC. The Institute is continuing its academic operations from temporary campus at Rae Bareli and currently conducting two B.Tech. programmes in Petroleum Production & Reservoir and Petroleum Refining, one M.Tech. programme in Petroleum Engineering one MBA programme in Petroleum & Energy Management.

The Phase-I construction of the campus has commenced in August, 2010 after obtaining all statutory approvals. Engineers India Limited (EIL) has been engaged as Project Management Consultant. The Phase-I of campus facilities planned include construction of 13.5 lakh sq.ft. area consisting of Residential Blocks for faculty and staff, Student Hostel, Academic buildings comprising of faculty blocks, lecture halls, visitors hostel, medical unit and commercial centre etc.

The target completion date of the project is 30th April,2013. The major civil and structural work awarded at a cost of Rs.180 crore is in progress and the overall progress status as on 31st March, 2011 is 24.5%. Preparation of tender documents for electrical, civil finishing and other work relating to fire fighting, plumbing, air-conditioning, etc. is in progress.

b) Assam Centre of RGIPT

Another Centre of RGIPT is being set up in Assam. The total expenditure on setting up of this centre has been estimated at Rs.330 crore. The entire endowment fund of Rs.182 crore will be shared by selected oil PSUs (ONGC, GAIL, OIL, IOCL, EIL & NRL). The capital expenditure of Rs.143 crore shall be shared by

OIDB and selected oil PSUs in the ratio of 65% : 35%. The start up expenses of Rs.5 crore are being borne by OIDB.

The primary objective of the Assam Centre of RGIPT is envisaged as the offering of programmes of education and training of skilled technical manpower at the certificate, diploma and advance diploma levels; skilled higher-end technical manpower at the Integrated Dual Degree (B.Sc.-M.Sc.). The diploma programmes will include Mechanical Engineering, Electrical Engineering, Laboratory Technology and Instrumentation Technology. The advance diploma programmes will be on Drilling Technology, Pipeline Engineering and Petroleum Operation.

A plot of 100 acres of Govt. land identified in Sivasagar was purchased by RGIPT in 2010. M/s Engineers India Limited (EIL) has been engaged as Project Management Consultant for construction of the Assam Centre Campus in 24 months time schedule. The following progress of the campus work has been achieved:

- Site Survey work and the Geotechnical investigation work has been completed.
- Phase-I site grading has been awarded in March, 2011.
- The Civil and Structural works tender for approximately 3.671 lakhs sq.ft. construction area is under preparation which consist of Academic Blocks of 1.19 lakhs sq.ft., Faculty Housing 0.69 lakh sq.ft., student Hostel complex- 0.78 lakhs sq.ft. and balance area for Admin. Centre, Rajiv Gandhi Plaza, Auditorium and Amenities.

(iv) Hydrogen Corpus Fund

The Ministry of Petroleum & Natural Gas has set up a Hydrogen Corpus Fund on the use of hydrogen as an auto fuel. The Indian Oil Industry has to work synergistically and in close coordination with reputed technological institutions to make headway in this frontier area. With this object in mind, the Ministry has set up a hydrogen corpus fund of Rs.100 crore with contribution from Oil PSUs/OIDB as follows:

- | | |
|--------------------|-------------------|
| 1. OIDB | Rs.40 crore |
| 2. ONGC, IOC, GAIL | Rs.16 crore each |
| 3. HPCL, BPCL | Rs. 6 crore each. |

OIDB is to maintain the Account of the fund. OIDB has so far contributed an amount of Rs.20 crore to the corpus. M/S IOCL and ONGC have already initiated R&D activities for usage of Hydrogen as a source of energy.

Nine projects estimated to cost Rs.41.51 crore have been approved by Scientific Advisory Committee (SAC) for implementation by various PSUs and other institutions. An amount of Rs.1.29 crore has been released for same from HCF till March, 2011

The Corpus of HCF was Rs. 87.32 crore at the end of March 2011.

(v) National Gas Hydrate Programmes (NGHP)

National Gas Hydrate Programme is for mapping gas hydrates for its utilization as future alternate energy resource by abstracting methane from solids below the sea-beds in deep oceans and the permafrost regions of the world. In India, the programme was initiated in 1997 with a Steering Committee and a Technical Committee of NGHP. Based on the review of seismic data by the Technical Committee, two areas in Indian waters, one along East Coast and other on West Coast have been identified as “Model Laboratory Areas” for further R&D work. After establishing the presence of hydrate in KG, Mahanadi and Andman offshore deepwater areas of Indian offshore and seeing the commercial nature of interest in exploration and exploitation of methane from gas hydrates, the NGHP has adopted a strategy to concentrate on the KG deepwater area and to emphasize in the R&D of development of technology for the commercial exploitation of methane from gas hydrates. With this in mind, the resource estimation of gas hydrates in KG offshore has been taken up on priority. DGH is the coordinator of the programme. Review of various projects under this programme is done by a Steering Committee set up by the Ministry of Petroleum & Natural Gas. The projects of NGRI, ONGC, National Institute of Oceanography, Goa for carrying out R&D activities related to National Gas Hydrate Programme are progressing as per the scheduled programme. An amount of Rs.147 crore approximately has so far been given by OIDB for various activities under NGHP excluding Rs. 54 crore contributed by Oil PSUs up to March, 2011.

(vi) Royalty to State Governments:

As per directions of the Government, the OIDB has been paying additional royalty to State Governments & Contractors to meet its commitment on fiscal stability in Production Sharing Contracts (PSCs) relating to discovered fields in first and second rounds of NELP.

9. Disbursement of Loans during the year 2010-11

The organization wise details of funds made available to the oil companies for their projects implementation during the year 2010-11 are as under:-

(Rs. in crore)

S.No.	Name of the organization (Plan Project Loans)	Funds disbursed (2010-11)
1.	Indian Oil Corporation Limited (IOCL)	105.00
2.	Hindustan Petroleum Corporation Limited (HPCL)	300.00
3.	Bharat Petroleum Corporation Limited (BPCL)	77.00
4.	GAIL (India) Ltd.	484.00
5.	GAIL Gas Ltd.	74.41
6.	Numaligarh Refinery Limited	65.00
7.	Brahmaputra Cracker and Polymer Ltd. (BCPL)	283.00
	Total	1388.41

9.1 Indian Oil Corporation Limited: Loan of Rs. 105 Crore

M/s Indian Oil Corporation Limited (IOCL) has availed a loan assistance of Rs.105 crore from OIDB during the year 2010-11 to part finance its following projects.

(a) MS QUALITY IMPROVEMENT PROJECT AT GUWAHATI REFINERY : Loan of Rs.54 crore

In order to meet Motor Spirit (MS) quality conforming to the Auto Fuel Policy (Euro-III) specification, the MS Quality Improvement project is being implemented at Guwahati Refinery. The project envisaged setting up of Isomerisation Unit at Guwahati Refinery to produce BS-III quality MS, with the following stream considerations:

- Stream sharing by supplying Reformer feed Naphtha to Digboi and getting Heavy Reformate of high Octane in return for blending in MS at Guwahati.

The OIDB has so far paid an amount of Rs.216.08 crore approximately to various State Governments/contractors on this account upto 31.03.2011.

(vii) OIDB Office building at Noida to house its office and its regular grantee institutions

The OIDB has constructed its own office building at Sector-73, NOIDA on a plot measuring 16000 sq. mtrs to house its office and the offices of Indian Strategic Petroleum Reserves Limited (ISPRL), Directorate General of Hydrocarbons (DGH), Centre for High Technology (CHT) and Oil Industry Safety Directorate (OISD). M/s Engineers India Limited (EIL) is the Project Management Consultant (PMC) & M/s Rajinder Kumar Associates is the Architect for the project. A Sub-Committee constituted by OID Board comprising Secretary OIDB, nominee of AS&FA, MOP&NG and Chairman, EIL and FA&CAO, OIDB has been supervising the matter relating to selection of contractors and for monitoring the construction activities. The estimated cost of the construction of the OIDB Bhawan is Rs.140 crore approximately. The OIDB Bhawan consists of two blocks i.e G+3 block and G+9 block. Both G+3 and G+9 blocks have been completed and the offices of OIDB & ISPRL have been shifted to the G+3 Block in February, 2010 and the offices of DGH, CHT and OISD have been shifted to G+9 block in August 2011. OIDB has incurred Rs.139.86 crore on the project upto March, 2011.



OIDB Bhawan, Noida



CHAPTER - II

FINANCIAL ASSISTANCE

- A) LOANS
- B) GRANTS

Downstream Sector

The projects related to downstream sector are considered and recommended by Scientific Advisory Committee (SAC) on Hydrocarbons set up by the Ministry. These projects are primarily funded through CHT. The members representing SAC are eminent persons in various fields of Oil Industry. The tenure of this Committee is two years after which Ministry of Petroleum & Natural Gas reconstitutes it. Scientific Advisory Committee on Hydrocarbons also reviews progress of R&D projects in the downstream sector in its meetings.

b) Assistance to Technical Institutes/CSIR Laboratories

OIDB provides assistance to educational institutes as well, for creating infrastructure for training and research such as IIT Delhi, CIPET, Chennai, RRL Jorhat, NGRI, Hyderabad, IIP, Dehradun etc for carrying out various R&D activities for the development of oil industry.

11. Expenses on Grants/Schemes sponsored by OIDB/Govt. of India

The OIDB incurred the following expenditure on grants/ schemes sponsored by Govt. of India/ OIDB during the year 2010-11

(Rs. in crore)

S. No.	Name of the Institutes	Amount
A	Regular Grantee Institutes	
1	Directorate General of Hydrocarbons(DGH)	51.35
2.	Petroleum Conservation Research Association(PCRA)	18.58
3.	Centre for High Technology (CHT)	11.98
4.	Oil Industry Safety Directorate (OISD)	8.20
5.	Petroleum Planning & Analysis Cell (PPAC)	10.95
	Total (A)	101.06
B	R &D Grants	
6.	Oil and Natural Gas Corporation Limited (ONGC)	0.29
7.	Indian Institute of Petroleum, Dehradun (IIP)	0.56

- b) Installation of Indmax Gasoline Splitter for separation of Benzene-rich heart-cut and subsequent processing in Isomerisation Unit.
- c) Py. Gas Return Stream (NRS) from external source.

The Project has been commissioned in December 2010. OIDB released an amount of Rs.54 crore during the year 2010-11 for this project.

(b) MS QUALITY IMPROVEMENT PROJECT AT DIGBOI REFINERY : Loan of Rs.51 crore

As per the Auto Fuel Policy road map recommended in the report of Expert Committee set up by the Government under the Chairmanship of Dr. R.A. Mashelkar, Digboi Refinery was required to produce entire quantity of MS conforming to Euro-III equivalent (BS-III) norms.

With a view to meet the above, the MS Quality Improvement project is being implemented at Digboi Refinery. The project envisaged setting up of Isomerisation Unit at Digboi Refinery to produce BS-III quality MS. Under stream sharing, Reformate will be supplied to Guwahati Refinery by Digboi Refinery in proportion to feed supplied by Guwahati to Digboi.

The Project has been commissioned in December 2010. For this project, OIDB released an amount of Rs.51 crore during 2010-11.

9.2 Hindustan Petroleum Corporation Limited: Loan of Rs.300 crore

M/s. Hindustan Petroleum Corporation Limited (HPCL) is a downstream company engaged in refining and marketing of petroleum products. During the year 2010-11, a loan assistance of Rs.300 crore was made available by OIDB for the following projects :

(a) Single Point Mooring Project at Visakhapatnam: Loan of Rs.50 crore

The Single Point Mooring Project is to facilitate unloading of large crude parcels of the size of around 300,000 Metric Tonnes from Very Large Crude Carriers (VLCCs) at Visakhapatnam. The VLCCs cannot be berthed in the existing crude receiving jetties due to draft restrictions.

The SPM has been commissioned in February 2011. The installation of SPM reduces the freight cost and wharfage charges and thus improves the economics of the Refinery. The total cost of the project was Rs. 643 crore. Loan assistance of Rs. 50 crore has been given by OIDB towards the above project during 2010-11.



Single Point Mooring Project at Visakhapatnam

(b) DIESEL HYDROTREATER PROJECT IN VISAKH REFINERY : Loan of Rs.150 crore

The Diesel Hydrotreater (DHT) project was initiated by HPCL at Visakh Refinery to set up Diesel Hydrotreater facilities of 2.2 MMTPA with associated facilities to meet Euro-IV specification for diesel. The estimated cost of the project is Rs.3597 crore and is scheduled for completion by March 2012. An amount of Rs.150 crore has been given by OIDB towards the above project during year 2010-11.



Diesel Hydrotreater Project in Visakha Refinery

(c) DIESEL HYDROTREATER PROJECT AT MUMBAI REFINERY: Loan of Rs.100 crore

The DHT project was initiated by HPCL at Mumbai Refinery to set up Diesel Hydrotreater facilities of 2.2 MMTPA with associated facilities to meet Euro-IV specification for diesel. The estimated cost of the project is Rs.3284 crore and is scheduled for completion by March 2012. An amount of Rs.100 crore has been given by OIDB towards the above project during year 2010-11.

9.3 Bharat Petroleum Corporation Limited: Loan of Rs.77 crore

Bharat Petroleum Corporation Limited (BPCL) is an integrated oil company engaged in refining of crude oil and marketing of petroleum products and petrochemical feed stocks. It has also diversified into the upstream sector for exploration of oil and gas in India and abroad. An amount of Rs.77 crore was made available by OIDB to the company as loan for the following project during 2010-11:

Continuous Catalytic Regeneration Reformer, Mumbai Refinery

The project envisages setting up facilities for :

- a) Upgradation of MS through installing continuous Catalytic Regenerator Reformer (CCR), Isomerization Unit and Selective Gasoline Hydrotreater. The facilities will improve the Octane no., decrease Olefins and Aromatica and reduces Sulphur in FCC Gasoline.
- b) Upgradation of HSD through revamp of Hydrocracker and installation of new integrated Distillate/Vaccum Gas Oil Hydrotreater. The facilities will treat distillate streams, upgrade high sulphur diesel streams to Euro III/Euro IV HSD and enable processing higher proportions of High Sulphur crudes.

The total cost of the project is estimated to be Rs.825 crore. OIDB has released Rs.77 crore for implementation of the project during the year 2010-11.

9.4 GAIL (India) Limited : Loan of Rs.484 crore

GAIL (India) Limited established in 1984 to create gas sector infrastructure for sustained development of gas market in the country. Along with core business of natural gas

transportation (over 8000 KM pipeline network), GAIL has expanded its operation into Gas Processing, Petrochemicals, Liquid Petroleum Gas, Gas Transmission and Telecommunications. GAIL has also expanded its presence in Power, Liquefied Natural Gas re-gasification, City Gas Distribution and Exploration & Production through equity and joint ventures participation.

GAIL has embarked upon an ambitious plan of setting-up a Pipeline System to enable access to the markets/consumers in the States of Punjab, Haryana and Rajasthan for natural gas sources. With the objective of maximizing utilization of cleaner fuels and to spur industrial growth in these States by providing natural gas to energy deficit areas, GAIL considered the project of Integrated Pipeline System comprising capacity augmentation of the existing Dahej-Vijaipur pipeline (DVPL)- Gadag Vijayawada Regional Pipelines(GREP) Pipeline System, laying of Chainsa-Jhajar-Hissar Pipeline (CJHPL) and Dadri-Bawana-Nangal Pipeline (DBNPL) along with spur lines for supply of gas to consumers at various locations of these States.



Setting-up a Pipeline System

The capacity of the DVPL-GREP Pipeline system is proposed to be augmented in a phased manner and to be utilized for transporting Re-gasified LNG / NG up to Chainsa and Dadri for onward sale and distribution to consumers, enroute the Chainsa-Jhajar-Hissar Pipeline and Dadri-Bawana-Nangal Pipeline respectively. This would primarily cater to the mid-term and

the long-term demand for gas in the Power, Fertilizer, Industrial, Automobile, Commercial, Engineering, City Gas Projects and Domestic Sectors of the states of Rajasthan, Haryana and Punjab. Chainsa-Jhajjar-Hissar Pipeline and major portion of Dadri-Bawana-Nangal Pipeline have been completed. However, the project of laying spur lines of CJHPL and DBNPL are under implementation. The OIDB released an amount of Rs.484 crore to GAIL for the above projects during 2010-11.

9.5 GAIL Gas Limited : Loan of Rs.74.41 crore

GAIL Gas Ltd., a wholly owned subsidiary of GAIL (India) Ltd., was incorporated on 2nd May 2008 with an objective of focused implementation of City Gas Distribution (CGD) projects in the country. GAIL Gas has been authorized the implementation of CGD projects in four cities, namely, Sonapat, Kota, Dewas and Meerut. The project activities are being carried out at a rapid pace in all the four cities, GAIL Gas has already commissioned CNG stations in Dewas and Sonapat in Dec. 2009 and September 2010 respectively. Gas supply to industrial units commenced in Dewas, Sonapat and Kota in Dec. '09, May '10 and Jan. '11 respectively. GAIL Gas has also commenced gas supplies to domestic customers in these cities. The gas supply to various customer segments for Meerut city is scheduled for commencement by June 2011 in synchronization with the commissioning schedule of City Gate Station (CGS).

OIDB has released an amount of Rs.74.41 crore during 2010-11 for the above project.

9.6 Numaligarh Refinery Limited : Loan of Rs.65 crore

Numaligarh Refinery Ltd. (NRL), with a view to comply with auto fuel policy of the Govt. of India, had decided to upgrade their facilities so that EURO IV grades of fuel can be produced in its refinery. NRL decided to revamp capacities of Hydrocracker Unit from 1.10 MMTPA to 1.45 MMTPA, Hydrogen Unit from 0.380 MMTPA to 0.486 MMTPA and Sulphur Recovery Block from 4.79 TMTA to 6.4 TMTA so that Euro-IV grades of fuel can be produced with optimal capital investment. NRL obtained approval of its Board for Diesel Quality Upgradation Project (DQUP) at an estimated cost was Rs.434.94 crore. This innovative approach helped NRL to invest optimally to get the desired result, which is a feat by itself.

The project was completed within the approved cost and NRL became first refinery from North East to produce Euro-IV grades of fuel. Currently, NRL is meeting its own as well as the holding company, BPCL's Euro-IV and Euro-III grades of fuel requirement not only for Eastern India but also for part of Northern India. OIDB has released an amount of Rs.65 crore as loan during 2010-11.

9.7 Brahmaputra Cracker and Polymer Ltd. (BCPL) : Loan of Rs. 283 crore

M/s Brahmaputra Cracker and Polymer Limited (BCPL) is a Government of India Enterprise formed by GAIL (India) Limited (GAIL), Government of Assam (GoA), Oil India Limited (OIL) and Numaligarh Refinery Limited (NRL) having equity stake of 70% by GAIL and 10% each by other three promoters. Presently, BCPL is implementing Assam Gas Cracker Project which was approved by CCEA in April 2006 with a cost estimate of Rs 5,460.61 crores on fixed cost basis.

Owing to its limited capacity which is constrained due to limited availability of feedstock in the region, in order to make it financially viable, the project funding was envisaged by capital subsidy to the extent of Rs 2138 crores. Balance funding was considered by way of debt equity in the ratio of 2:1. Debt requirement has been partly met by OIDB to the tune of Rs 327 crores out of which an amount of Rs 283 crores has been drawn so far. The proceeds of the loan have been utilised in funding the project activities.

The project has achieved physical progress of 35% upto Mar 11. Feedstock agreements have been signed with OIL for supply of 6 MMSCMD of natural gas, ONGC for supply of 1 MMSCMD of natural gas and NRL for supply of 160,000 MT of Naphtha. M/s Engineers India Limited is implementing this project as Engineering and Project Management Consultant. Marketing tie up for sale of its finished products is being done with GAIL, the main promoter. Total capital expenditure incurred was Rs.2176 crores upto March 11 and financial commitments have been made to the extent of Rs.6949 crores upto March 11.”

10. Grant in aid for R&D Activities

Section 6 of Oil Industry (Development) Act, 1974, inter-alia, provides that the Board may render assistance for scientific & technological research useful to oil industry.

Hydrocarbon Vision 2025 also envisages that sufficient resources may be made available for appraising the unexplored/partly explored acreages through Oil Industry Development Board cess and other innovative resource mobilization approaches.

a) Regular Grantee Institutions

The Government has set up five organizations namely Directorate General of Hydrocarbons (DGH), Petroleum Conservation Research Association (PCRA), Centre for High Technology (CHT), Oil Industry Safety Directorate (OISD) and Petroleum Planning and Analysis Cell (PPAC) to work in different aspects of petroleum related activities. As per the directives of the Government, the activities of these organizations are financed by OIDB including their administrative expenditures.

Upstream Sector

In respect of OIDB grant in aid related to upstream sector, a Peer group comprising Joint Secretary (Exploration) Ministry of Petroleum & Natural Gas, Secretary, OIDB and representatives from DGH, ONGC, and OIL constituted by OID Board examines the proposals in the first instance and gives its recommendations. The recommendations of the Group are submitted before the OID Board for taking a decision. The projects that are approved by OID Board with an outlay of more than Rs.25 lakh are sent to Central Government for conveying its approval before release of grant in terms of Rule 24 of OID Rules. Since inception, the OID Board/Central Government has approved more than 119 projects. Most of these projects have been completed and yielded considerable benefits to oil industry in terms of oil production, upgradation of technology and identifying the new areas for exploration etc.

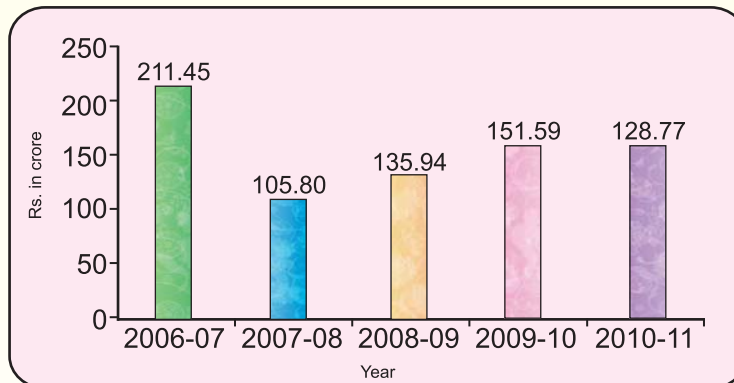
Review of the projects

A Peer Group comprising Joint Secretary (Exploration), MOPNG, Secretary (OIDB) and representatives from DGH, ONGC and OIL constituted by OID Board reviews the progress of the OIDB funded projects in the upstream sector from time to time. The recommendations of the Sub-Committee are presented before OID Board for consideration and appropriate directions for implementation of the projects in a more efficient manner wherever necessary.

(Rs. in crore)

S. No.	Name of the Institutes	Amount
8.	Indian Institute of Technology, Bombay (IIT)	1.80
9.	Bharathidasan University, Tiruchirapalli, Tamil Nadu	0.50
10.	North East Institute of Science & Technology (NEIST) (Formerly Regional Research Laboratory)	0.11
11.	Indian Oil Corporation Limited (R&D Centre) (IOCL)	2.77
12.	National Geophysical Research Institute, Hyderabad (NGRI)	3.05
13.	Central Institute of Plastic Engineering and Technology Chennai (CIPET)	2.75
	Total (B)	11.83
	C Schemes/Projects sponsored by Govt. of India/OIDB	
14.	Hydrogen Corpus Fund (HCF)	10.00
15.	Rajiv Gandhi Institute of Petroleum Technology (RGIT), Rai Bareilly	0.75
16.	Rajiv Gandhi Institute of Petroleum Technology (RGIT), Assam	2.93
17.	Pre-feasibility Study by EIL	2.20
	Total (C)	15.88
	Grand total (A+B+C)	128.77

**DISBURSEMENT RELATING TO GRANTS/SCHEMES RUN BY
OIDB/GOVT. OF INDIA**



11A Grants to Regular Grantee Institutes

11.1 Directorate General of Hydrocarbons (DGH) – Grant of Rs.51.35 crores

Directorate General of Hydrocarbons (DGH) was set up by a Government Resolution in 1993 with the objective to promote sound management of the Indian petroleum and natural gas resources having a balanced regard for environment, safety, technological and economic aspects. In consonance with this objective, DGH is engaged in opening up new/unexplored or poorly explored areas for NELP rounds and preparation of all data packages and basin docket for blocks. Review of reservoir and production performance of major fields, contract management of various exploration blocks and discovered fields awarded to NOCs and private and JV Companies under the Production Sharing Contracts, preparation of National E&P database and Archive System is also done by DGH.

DGH is fully funded by OIDB. During the year 2010-11, OIDB provided a grant of Rs.51.35 crore to DGH. Following major activities have been carried out by DGH during the year :

1) OPENING UP OF NEW AREAS FOR FUTURE EXPLORATION :

- (i) Speculative 2D Seismic Survey in Andaman Offshore by M/s PGS:

Project completed with 7240.725 LKM 2D seismic data.

- (ii) Speculative 2D Seismic Survey in East and West Coast of India by M/s GX Technology under India Span-II:

Project completed with 9632.5 LKM 2D seismic data.

- (iii) Speculative Reprocessing of 2D Seismic data off Andaman Islands by M/s Spectrum Geo Ltd.

Project of reprocessing of 10,756 LKM 2D seismic data completed.

- (iv) Processing of 2D Seismic data of Kutch on land basin by ONGC.

Processing of 2D seismic data of Kutch onland basin (acquired through NGRI) 690.6 GLK is in progress at GEOPIC, ONGC, Dehradun.

(v) MS & MMT Survey in Gulf of Kutch, India by NGRI

NGRI conducted MS & MMT survey in Gulf of Kutch area. A total of 133.984 LKM of Marine Seismic data & 13 stations of Marine MT have been accepted.

(vi) Data Archival Jobs

Archival of geophysical data of 12000 cartridges is in progress through M/s Kestrel IDM Ltd., UK.

(vii) Surface Geochemical Survey

Cauvery Basin, Satpura-Rewa-Damodar- Total 1000 samples collected.

2) IMPLEMENTATION OF NELP : NELP-IX Round (2010-11)

Government of India launched the Ninth round of New Exploration Licensing Policy (NELP-IX) on 15th October 2010 which offered 34 blocks covering a sedimentary area of about 0.88 Lakh Sq.Km. The offered block included 08 deepwater blocks, 7 shallow water blocks and 19 onland blocks. Road shows were organized at Mumbai, Moscow, Singapore, Perth, Calgary & Houston. Physical Data Viewing rooms were also setup at different venues. Bid receiving for NELP-IX organized on 28th March 2011. Seventy four (74) bids received for 33 of the 34 blocks offered. Bids are under evaluation and likely to be awarded soon.

3) MONITORING OF PRODUCTION SHARING CONTRACTS:

Government of India has signed contracts for 28 discovered fields, 33 CBM blocks and 235 blocks for exploration and development to Private / JV & NOCs. Out of these, contracts for 185 exploration blocks, 28 CBM block & 27 discovered fields are under operation. DGH monitors the execution of management of these Production Sharing Contracts on behalf of Government of India through Management Committees set up for each block / field. This involves in depth review of annual work programme, project monitoring (especially with regard to time & cost overrun), calculation of reserves and production profile, making simulation model of the field, review and approval of development plan, budget and Safety Management System. Investment of about US \$ 25,556 million has already been made by companies on Exploration & Production till March 2011. During 2010-11, about 9.68 MMT

of oil & 26.77 BCM of natural gas were produced under the PSC regime, which is about 26% and 51% of country's oil & gas production respectively during the year.

4) MONITORING OF THE PETROLEUM EXPLORATION LICENSES HELD BY NATIONAL OIL COMPANIES (NOCs) - ON NOMINATION BASIS

DGH reviewed the progress of exploration activities of 74 (63 ONGC + 11 OIL) Petroleum Exploration Licenses (PEL) held by NOCs (ONGC and OIL) on nomination basis, on a half yearly basis vis-a-vis committed work program. Different proposals received from NOCs and data has been examined during the period and recommendations have been submitted to MOPNG, on case to case basis, for extension of PEL period, transfer of PEL to Petroleum Mining Lease (PML) and relinquishment of certain PEL areas, if required.

5) FIELD DEVELOPMENT, RESERVOIR AND PRODUCTION MONITORING DURING 2010-11

DGH monitored development activities including work programme and budget of various fields under the Production Sharing Contracts such as Mangla, D-1 & 3, MA, Panna-Mukta, Tapti, Ravva, Kharsang, Laksmi, Gauri, PY-3, PY-1, Asjol, Bakrol, Indrora, Lohar, Baola, Dholka, NS-A, N. Balol, Aishwariya, Rageshwari, Saraswati, Deen Dayal West, EEU-I, & Kameshwari (west). DGH also carried out the activities related to exploration blocks, with reference to discoveries, Declaration of Commerciality (DoCs) and initial development plan etc. related to reservoir engineering.

6) MONITORING OF IMPROVED OIL RECOVERY/ENHANCED OIL RECOVERY (IOR/EOR) PROJECTS AND PERFORMANCE OF FIELDS OF NOCs.

DGH is continuously interacting with officials of different Assets of ONGC on the performance of 15 major IOR/EOR projects. Based on the review of data provided and mutual discussions carried out, recommendations are made for field implementation and improvement in the recovery.

Detailed production performance monitoring of all the producing fields of NOCs, (totaling more than 230) has been initiated at DGH. Requirement of type of data from fields has been

worked out and requested from NOCs. Interaction by DGH team with NOC's officials at Assets/ fields is being carried out to gather the basic field data, both historical and on monthly basis. Based on the analysis of data received, half yearly reviews will be carried out with NOCs, to improve the production performance.

7) ASSIGNMENTS CARRIED OUT BY G & G GROUP DURING 2010-11

Major activities carried out by DGH during this period pertaining to PSC blocks/private sector fields are summarized below:

- 114 proposals were examined for review and approval of exploratory appraisal and development locations in exploratory blocks and development fields.
- 55 technical reports were examined, submitted by various operators on integrated interpretation, petroleum system modeling, geological evolution and reservoir data reports were critically examined for planning and adoption of effective exploration and development strategies.
- Total 12 appraisal programmes with 23 locations were critically examined and reviewed.
- 8 Nos of Declaration of Commerciality (DOC) were reviewed.
- 6 Development activities were reviewed for 3 producing fields namely Kameshwari-W, Tarapur-G, Miroli-1 & 6; and 2 blocks- BK-CBM-2001/1, CB-ONN-2000/1 (Ingoli)
- Basic interpretation, marking of key levels, basement assessment and prognostication of hydrocarbon resources for all the 34 NELP IX blocks on offer and docket preparation providing support to viewing were carried out.
- Data collection of 192 line seismic data and 33 well data EC basin integration project is done and Quality Control (QC) is in progress.
- Loading, preparation of composite log, placing of stratigraphic markers/ shale target horizons completed for 281 wells belonging to 5 sedimentary basins, for Joint project of shale gas taken up by Government of India and United States Geological Survey (USGS).

8) NATIONAL DATA REPOSITORY (NDR) :

Actual Physical Performance during 2010-11 up to 30.03.2011

NDR is meant for storing and maintaining hydrocarbon exploration and production data in a safe and reusable manner, in perpetuity and make them available for all the stakeholders. Evaluation of the five technical bids as per the procedure laid down in the Tender Document was completed on 17.05.2010. Three bids were technically acceptable and their price bids were opened on 21.05.2010. Techno-commercial evaluation of the bids was completed on 19.07.2010 and the proposal to award the NDR Contract was sent to Ministry of Petroleum & Natural Gas (MOP&NG) on 29.07.2010. Clarifications on the proposal sought by the Ministry have been last sent back by DGH on 15.03.2010. The proposal is under consideration by the Ministry as on 31.03.2011.

9) COAL BED METHANE (CBM) :

The Government of India, in order to harness the CBM potential in the country, formulated a CBM Policy in year 1997. DGH has done commendable job to operationalise the CBM policy. The Policy has provided a level playing platform for exploration and commercial exploitation of CBM by national and international entrepreneurs.

In May 2001, for the first time in the country, CBM blocks were offered through international bidding for exploration and production of CBM in the country. So far, Government has awarded 33 CBM blocks under three rounds of CBM to National, Private & Joint Venture Companies. The total CBM resources in the 33 awarded blocks covering an area of around 17327 km² are estimated to be 1810 BCM (63.9 TCF). During the last 5 years, more than 200 Core Holes, 45 Test Wells and 100 Pilot/Production wells have been drilled in the awarded blocks. Exploration activities have already been completed in three blocks which entered into Development Phase. The results in some of the blocks are very encouraging.

Commercial production has commenced in the block Ranigunj (South) operated by GEECL which is currently producing 1,60,000 m³/d. Two blocks viz. Ranigunj (East) and Jharia are producing incidental gas @ 30,000 m³/d and 5000 m³/d respectively.

In many sedimentary basins, there is possibility of finding both Oil/Gas and CBM. To address the issue, a draft policy for simultaneous operations of CBM and Oil/Gas has been drafted in close consultation with MoPNG. A Draft co-development agreement policy has been prepared for simultaneous operation of CBM and Oil/Gas along with draft policy. To address the operational issues, an expert committee was formed, comprising of officers from MoPNG, Ministry of Coal (MoC), Central Mine Planning and Design Institute Ltd (CMPDI) and DGH. The committee has finalized the report along with draft co-development agreement for simultaneous operation of CBM and Oil/Gas.

10. ESSENTIALITY CERTIFICATES :

During the year 2010-11, DGH issued a total 13065 Essentiality Certificates having CIF value of Rs.42304 crore.

11. NATIONAL GAS HYDRATE PROGRAMME (NGHP):

Steered by the Ministry of Petroleum & Natural Gas and technically coordinated by Directorate General of Hydrocarbons (DGH), NGHP is a Consortium of National E&P companies, namely ONGC, GAIL (India) Ltd. & Oil India Ltd and National Research Institutions [National Institute of Oceanography (NIO), National Geophysical Research Institute (NGRI) and National Institute of Ocean Technology (NIOT)].

NGHP Expedition 01, 2006

The dedicated gas hydrate coring/drilling/LWD/MWD operations were carried out in four Indian Offshore areas under NGHP during 28th April 2006 to 19th August 2006 using the specialized drillship JOIDES Resolution. United States Geological Survey (USGS) was the main technical collaborator of NGHP Expedition 01.

The NGHP efforts in Indian offshore for gas hydrate exploration led to the following :

- Conducted comprehensive analyses of gas-hydrate-bearing marine sediments in both passive continental margin and marine accretionary wedge settings;
- Discovered gas hydrate in numerous complex geologic settings and collected an unprecedented number of gas hydrate cores (more than 2800m from 21 sites and 39 holes);

- Delineated and sampled one of the richest marine gas hydrate accumulations yet discovered in the world (Krishna-Godavari basin)
- Discovered one of the thickest and deepest gas hydrate occurrences yet known (Andaman Islands) which revealed gas-hydrate-bearing volcanic ash layers as deep as 600 meters below the seafloor
- Established the existence of a fully developed gas hydrate system in the Mahanadi basin of the Bay of Bengal

Analysis on the sediment cores

The analysis and studies were conducted on the sediment cores collected onboard Joides Resolution viz. Geochemistry/Clay mineralogy, Sedimentological, geochemical and isotopic studies of authigenic carbonates, Microbiology, Rock-physics modeling of shallow marine sediments, Seismic attenuation studies of shallow marine sediments, Gas chemistry.

Estimation of resources of gas hydrates in Indian offshore

After establishing the presence of hydrate in the KG, Mahanadi & Andaman offshore deepwater areas of the Indian offshore and seeing the commercial nature of interest in the Exploration & Exploitation of Methane from Gas hydrates, the NGHP has adopted a strategy to concentrate on the KG deep water area of the Indian Offshore and to emphasize in the R&D of development of technology for the commercial exploitation of methane from hydrate. With this in mind the resource estimation of gas hydrates in the KG offshore is being taken up on priority.

NGRI, Hyderabad is in the process of carrying out Areal extent and quantitative assessment of gas-hydrates in Krishna-Godavari offshore, while NIO, Goa has taken up a project to carry out Qualitative estimates of the spatial extent of hydrate deposits using seismic attenuation studies, and modeling of BSR over the scattered gas hydrates zones for various source frequencies. Both these projects would be completed over a period of 2 years after which the Resource estimation calculation would enable us to estimate the amount of gas hydrate resources present in the KG area which has been identified as the focus area for carrying out further NGHP expeditions.

Preparation for NGHP Expedition -02

40 locations have been identified for the NGHP Expedition-02 with the objective of drilling sand prone sites as they would be easier candidates for carrying out production testing. Out of the 40 sites, 13 sites have been identified by RIL in their area of operation in Deep water KG, Mahanadi area while 27 locations have been identified by ONGC in their areas of operation in Deep water East Coast. The sites were discussed with the Gas hydrate experts from United States Geological Survey (USGS), United States Department of Energy (USDOE) and United States Minerals Management Service, (USMMS). Evaluation of these locations is in progress.

12) OIL SHALE 2010-11

Phase-I of the study completed, Action has been taken to initiate Phase-II

13) SHALE GAS WORK PLAN 2010-11

DGH has initiated steps to identify prospective areas for Shale Gas exploration and acquisition of additional geo-scientific data, formulation of Policy for Shale Gas exploration and launch First Shale Gas round by end 2011.

Based on the data available from conventional oil/gas exploration in the country for the last so many years, the sedimentary basins appear to be prospective from Shale gas point of view under Phase-I are Cam bay Basin, Gondwana Basin, KG Basin, Cauvery Basin, Indo-Gangetic Basin, Assam Arakan Basin.

However, detailed analysis of geo-scientific data gathered during conventional exploration of Oil/Gas is being carried out for other basins also to identify areas prospective for shale gas.

- MOPNG has granted special permission to ONGC for an R&D project in Gondwana Basin in the existing two CBM Blocks (Ranigunj North and North Karanpura) for exploration of Shale Gas. ONGC plans to drill 4 Pilot wells to gather data relevant to Shale Gas. Two wells in have been drilled and gas has struck in the first well (RNG-1) in the CBM block Ranigunj (North).

- A Multi Organizational Team (MOT) of DGH, ONGC, OIL, GAIL has been formed by MOPNG to analyze the existing data set and suggest methodology for Shale Gas development in India.
- At the Invitation from Department of State (DOS), an Indian technical delegation (DGH, ONGC, GAIL) attended the Global Shale Gas Initiative (GSGI) conference at Washington, DC and visited to Shale Gas site on 23-25 August 2010.
- MOU between Department of State, USA and Ministry of Petroleum & Natural Gas (through DGH) has been signed on 06.10.2010 for the following:
 - a. Assessment of Shale Gas Resources in India.
 - b. Imparting training to Indian nationals
 - c. Assistance in regulatory frameworks
- A Technical Workshop was held on 5-7 January, 2010 for Resource assessment of Indian Basins by USGS team at Delhi.

14) WORK BY ADVISORY COUNCIL:

The Advisory Council of DGH advises on the technical matters/scientific projects to be implemented by DGH. Council also examines major technical studies and progress of work carried out by DGH.

11.2 Petroleum Conservation Research Association (PCRA): Grant of Rs.18.58 crore.

PCRA is a registered society set up in 1978 under the aegis of Ministry of Petroleum & Natural Gas. As a non-profit organization, PCRA is a national government agency engaged in promoting energy efficiency in various sectors of economy i.e. industry, agriculture, transport, domestic and commercial. It helps the government in proposing policies and strategies for petroleum conservation, aimed at reducing excessive dependence of the country on oil requirement. Over the years, PCRA has enlarged its role in improving productivity in use of various sources of energy, for the purpose of achieving environment protection and sustainable development. During 2010-11, an amount of Rs.18.58 crore was released by

OIDB to PCRA for performing its activities including administrative expenditure. A glimpse of activities carried out by PCRA during the year is given below:

PCRA's Activities – An overview

During the year, PCRA worked proactively in the field of conservation and efficient use of petroleum products through their various Field Activities like Energy Audits, Driver Training Programmes, Technical Workshops & Seminars and R&D activities by sponsoring projects for development of energy efficient products / processes etc.

Field Activities :

Field Activities are one of the core areas of PCRA operations. Through Sectoral field activities, PCRA engineers and its external experts reach the targeted groups with innovative energy conservation programmes. These activities are designed to cover a large spectrum of social-economic profile of our country in different sectors viz. Industry, Transport, Domestic, Agriculture and Commercial. During 2010-11, higher targets were fixed so as to accelerate the programme on conservation. This is reflected in the total activities carried out by PCRA, which was approx. 25% more than the activities carried out in 2009-10. Against previous year's achievement of 5122 nos. of field activities, a total of 6387 field activities were accomplished throughout the country during 2010-11.

INDUSTRIAL SECTOR:

- **Energy Audits**

During 2010-11, PCRA conducted 687 energy efficiency studies in the Industrial sector, which include Energy Audits (364), Fuel Oil Diagnostic Studies (167) and walk through audits (156) in Small-scale industries.

During the year, PCRA undertook Municipal Urban Demand Side Management Projects for the Urban Local Bodies of Vishakhapatnam in Andhra Pradesh, Mahestala in West Bengal and at Guwahati, Tinsukia, Jorhat, Rangia, Tezpur, Dhekiajuli and Rangapara in Assam. In the SME sector, PCRA has undertaken projects for the Pali Textile Cluster, Gujarat Dairy Cluster, Bangalore Machine Tool Cluster and Jorhat Tea Cluster. The

savings identified through these studies were 497796 KLOE (Rs.1493 crores) and the Savings Realized through follow up studies provided to clients for whom similar energy efficiency studies conducted in the previous years was 19430 KLOE (Rs.58 crores).

- **Seminars**

Technical seminars are an effective tool for the dissemination of information relating to advancements made in technologies and for improvement in operational practices for improving energy efficiency. In this direction, PCRA during 2010-11, organized 136 nos. of Seminars / Technical Meets in different parts of the country for the benefit of specific industrial sectors. During these seminars, PCRA's experience of conducting energy efficiency studies were shared through case study presentations containing details of investment required and the benefits accrued through implementation of the energy conservation measures.

- **Exhibitions**

Exhibitions are excellent platform to showcase the latest fuel saving campaigns/tips propagated by PCRA and an opportunity to establish direct contact with the masses for increasing awareness for judicious use of petroleum products. During 2010-11, PCRA participated in / organized 108 nos. of exhibitions. The major exhibitions are during PETROTECH – 2010 and the 30th India International Trade Fair in New Delhi. Through participation in National and International exhibitions, PCRA exhibits its in-house capabilities and expertise by displaying information about successful case studies on services provided to various sectors.

- **Institutional Training Programs**

PCRA's Institutional Training Programme (ITP) is an activity primarily meant to share the experience gained by PCRA during industry audits. These training programmes are targeted at raising the awareness level of the members of industry about the conservation opportunities that can be realized through the energy audit of their plant. In 2010-11, PCRA conducted 363 Industrial Training Programmes in various industries.

- **Industrial Workshops**

PCRA conducted 298 Workshops covering energy and fuel saving measures alongwith screening of clippings and films on the tips of fuel and energy saving in industries.

Transport Sector:

The Transport sector accounts for almost 50% of country's total petroleum products consumption. Studies in this area have indicated that a saving potential of around 20% exists. To realize this saving potential, PCRA conducts variety of programmes for State Transport Units (STUs), private fleet operators, organizations in the private and public sector to promote efficient use of petrol, diesel, lubricants and greases through better maintenance practices, better driving habits, model depot studies, emission awareness programmes, exhibitions, workshops, clinics etc. all over the country.

- **Driver training programmes**

The main objective of the driver training programme is to train the drivers and mechanics on good driving habits and maintenance practices so as to promote and propagate fuel efficiency. Through this specially designed Driver Training Programmes (DTP) for the sector, drivers from STUs, Army, BSF, Oil companies and private transporters are imparted training to improve their driving skills leading to fuel saving.

During the year 2010-11, PCRA conducted 768 DTPs and trained 13230 Drivers under its driver training programme taking the total numbers of drivers trained since 1985-86 to 167148. PCRA's Driver Training programme has emerged as one of the most effective and important tool to improve KMPL. A large part of the increase in KMPL of the STU's and other transport fleets is due to the efforts of PCRA through constant interaction and appraisal on adoption of Good Driving tips.

- **Model Depot Project**

Model Depot Project (MDP) is a unique service provided by PCRA. This is an integrated programme to study the existing management, infrastructure and maintenance practices of the depots and workshops of STUs and other fleet operators having low Km per litre.

The study comprises of a detailed analysis of all historical records of the depot and examination of the current condition of vehicles and making recommendations for improving the systems with time bound action plans. During 2010-11, a total of 121 such studies were carried out.

- **One-Day Transport Workshop**

This workshop is to bridge the considerable information gap amongst drivers and mechanics regarding proper operational and maintenance practices for achieving optimum fuel consumption. During 2010-11, 609 such workshops were organized by PCRA. Audio visual aids and PCRA's printed material are used to train the drivers and mechanics properly and upgrade their awareness level about good driving practices.

Agriculture Sector

PCRA's efforts in agriculture sector focuses on van publicity, workshops on Bio Diesel, Kisan Melas and exhibitions. During the year, PCRA participated in 78 Kisan Melas and conducted 525 workshops where clippings and films produced by PCRA about the tips on fuel saving and demonstration of ISI mark, foot valve, Bio-diesel were shown.

Domestic Sector

- **Workshops on LPG / Kerosene Savings**

The focus of PCRA activities during the year was on educating women on better cooking habits aimed at conservation of LPG and kerosene, use of fuel-efficient stoves and lighting appliances, use of alternative sources of energy such as solar, bio-gas etc. This was supplemented through screening of PCRA produced films. PCRA conducted 746 nos. of awareness workshops during 2010-11.

- **Youth Programmes**

PCRA organizes a variety of programmes for youth by approaching schools. These constitute quiz, essay, debate and the painting competitions on topics related to energy conservation. PCRA aims to make young minds understand the issue of energy conservation and motivate them to apply and promote the cause of oil conservation

into their widening spheres of domestic and professional lives. During the year, PCRA organized 1322 youth programmes in various schools, colleges and institutions all over the country.

NETWORKING

- **International Networking**

As part of Government of India's initiative for cooperation with Japan in the field of Oil & Gas, PCRA executed MoU with "Energy Conservation Center Japan (ECCJ)" on 28th June 2006 in New Delhi. The validity of the MoU, continued for co-operation between PCRA and ECCJ during 2010-11. Some of the important milestones achieved under this programme are as under:

- Training on Energy Conservation Technologies to 28 Indian delegates from PCRA, Oil sector, Iron & Steel Industry, Dairy, Textile and Pulp & Paper industry in Japan.
- An interactive workshop involving members from Japanese Textile Industry and Indian counterparts led by PCRA team to discuss and develop Energy Audit Manual was organized from 2nd to 4th March 2011. The manual which is being developed for the benefit of Indian Textile Industry, is expected to be released by September 2011.
- ECCJ invited PCRA to participate in The 5th Workshop on Energy Conservation Collaboration for East Asia (5th ECC-WS) held in Tokyo from 8th to 10th February 2011.

- **Domestic Networking**

During the year, PCRA associated actively with the National / Regional Industry bodies such as Bureau of Energy Efficiency (BEE), Federation of Indian Chambers of Commerce & Industry (FICCI), Associated Chambers of Commerce & Industry of India (ASSOCHAM), PHD Chamber of Commerce & Industry (PHDCCI), Indian Institute of Petroleum (IIP), Bombay Textile Research Association (BTRA), South India Textile Research Association (SITRA) etc. to carry out jointly the activities such as seminars, technical meets, training programmes and energy audits. These joint programmes proved

very useful towards addressing effectively the issue of energy efficiency to the target audience.

- **Cooperation between PCRA and BEE (Star Rating of Fuel Based Appliances)**

PCRA in cooperation with BEE initiated the study for evaluating the thermal efficiency of the LPG stoves available in the market to prepare the Energy consumption Standards and Labels for LPG stoves.

Samples of domestic LPG Stove consisting of one, two, three and four burner's with ISI and Non ISI marked were put to the thermal efficiency tests in three different BIS approved NABL accredited laboratory. Based on the test results, the actions have been initiated jointly by PCRA and BEE towards Standard & Labeling of Domestic LPG stoves.

The voluntary Labeling Programme for domestic LPG Stoves has already been started and the programme details have been hosted at the BEE website.

PCRA and BEE have also taken the initiative to develop standards for other fuel-based appliances like Diesel Generating Sets and Diesel Driven Agricultural Pump sets. PCRA has also carried out the market survey for these products to collect the primary data about the appliances.

- **CONSERVATION TECHNOLOGY CENTRE**

Conservation Technology Centre (CTC) at Petroleum Conservation Research Association, Sanrakshan Bhawan, New Delhi, is a state-of-the-art permanent display center for energy efficient products and technologies. The CTC has been set up to fill up the gap of effective information dissemination on energy efficient products and technologies for general public.

Some of the energy efficient items on display are industrial equipment, like motors and lighting, products of mass consumption such as kerosene lamps and stoves that have been developed after painstaking research, innovative building components and materials that save energy and star labeled energy benchmarked products from Bureau of Energy Efficiency. The center also showcases technology advances in bio-diesel and fuel efficiency in transport sector.

Research & Development

Research & Development is a major important activity of PCRA. The R&D activities provide strong support to PCRA's energy conservation efforts aiming at the development of new products, processes and technologies which have the potential to contribute to energy saving, environmental quality, energy security and sustainable development.

The Indian industry is highly energy intensive. About 50% of the total commercial energy production in India is consumed by the industrial sector and there is a scope of saving of 15-20% in the sector that would result in saving of about 7.5% in over all energy consumption. Hence a thrust has been given for development of energy intensive industrial clusters like Leather, Cold Storage, Foundries and Textile etc.

As a part of its mandate, PCRA sponsored new R&D projects through formulating strategies and promoting measured for accelerating conservation of petroleum products leading to energy efficiency in all sectors of economy.

A glance of R&D projects of PCRA is given below:

S.No.	Particulars	No. of Projects	Contribution of PCRA (Rs in lakhs)
1	Projects awarded during the year 2010-11	2	22.21
2	Projects completed during the year 2010-11	10	147.55

EDUCATION CAMPAIGN

- **Second Phase of PCRA Nationwide Mass Awareness Campaign**

The research findings of impact assessment survey of the second phase of PCRA Campaign "SAVE FUEL YAANI SAVE MONEY" revealed that the campaign could lead to savings in the range of 3.1% to 9% of petroleum products in the country varying from region to region and sector to sector. Moreover, 85% of respondents expressed their desire for continuation of similar educational campaigns by PCRA.

- **Outdoor Publicity**

Outdoor media is an effective means to carry the message on conservation of Oil & Gas to the masses in general. PCRA has been using various modes of outdoor advertisements

like Hoardings, LED displays, Bus Panels, Bus Shelters, Unipoles, Kiosks, ads inside Train Coaches, Pillar Wraps, etc. to generate awareness among the general masses for judicious use of petroleum products, with conservation as the focal theme of all the campaigns. During 2010-11, PCRA campaign has covered 362 cities / towns of India as against 200 cities/ towns covered during 2009-10, emphasizing endeavor to increase penetration of PCRA educational campaigns to every nook & corner of our country.

- **Printed Literature :**

PCRA, over the years, has designed and developed a rich bank of conservation literatures for the users of petroleum products carrying useful information and tips for saving of petroleum products. These literatures are regularly distributed free of cost to consumers in various sectors of economy. With the idea to “CATCH THEM YOUNG”, PCRA distributes literature & hold demonstrations for school children, with the desire to ingrain the need for conservation of petroleum products in their lives.

PCRA has also compiled two sets of reasonably priced technical booklets on thermal and electrical energy savings. Further PCRA has published two books titled “**A Practical Guide To Energy Conservation In Dairy Industry**” and “**Energy Savings In Industry - Real Life Case studies**”, which is a ready reckoner on energy conservation measures. During 2010-11, PCRA printed literatures to the tune of 7.67 lakh copies of 28 different types of leaflets, booklets, pamphlets, stickers, and posters on petroleum conservation in Hindi, English, Assamese, Bengali, Oriya, Gujarati, Marathi, Punjabi, Tamil, Telugu, Kannada and Malayalam. These literatures were distributed amongst masses extensively during OGCF 2011 and to various target groups.

OIL AND GAS CONSERVATION FORTNIGHT 2011

Oil and Gas Conservation Fortnight (OGCF) is a significant Annual event of the Ministry of Petroleum and Natural Gas, which is organized jointly by PCRA and Public Sector Oil & Gas Companies every year from 15th to 31st January.

OGCF 2011 took off with impressive Inaugural Functions at the National Capital and all the State Capitals on 15th January 2011. The theme for this year was –

“SAVE FUEL YAANI SAVE MONEY”



Lighting of Lamp by Shri Murli Deora, Hon'ble Minister for Petroleum & Natural Gas during Inaugural Function of OGCF 2011 in New Delhi

The event at Delhi was inaugurated by Shri Murli Deora, Former Hon'ble Minister for Petroleum & Natural Gas on 19th January 2011 at Vigyan Bhawan in the distinguished presence of Shri Jitin Prasada, Former Hon'ble Minister of State for P&NG.

During the Inaugural Function, the “Best Performance Awards” were distributed to State Level Coordinators (SLCs), Regional Level Coordinator (RLC), State Governments and Upstream Sector for their best performance during last OGCF 2010. The awards were also distributed to the winners of National Level Essay Competition organised for students of class X & up to postgraduate in Hindi and English and to the winners of National Level Painting Competition.

During the Inaugural Function, Hon'ble Minister for P&NG and Hon'ble Minister of State for P&NG released the PCRA's books on “ Practical Guide to Energy Conservation in Dairy Industry” and “Energy Savings in Industry - Real Case Life Studies”.

During the OGCF 2011, large number of activities like mass rallies, cycle rallies, marathons, human chain, technical seminars, symposiums, essays, quiz and painting competitions and LPG Clinics etc. were arranged all over the country by PCRA and Public Sector Oil & Gas Companies, for propagation of Oil & Gas conservation messages amongst the major consuming sectors namely, Transport, Industrial, Agricultural, Household and Commercial.

11.3 Centre for High Technology (CHT) : Grant in aid of Rs.11.98 crore

Centre for High Technology (CHT) was established by Ministry of Petroleum & Natural Gas (MOP&NG) in 1987 as a specialised agency of the oil industry to assess futuristic technology requirements for acquisition, development and upgradation in the fields of refinery processes, petroleum products, additives, storage, handling & transportation of crude oil, products and gas.

CHT acts as the Technical Wing of MOP&NG for implementation of scientific and technological programmes of Government of India. Major functions of CHT include a) co-ordinate the activities of Scientific Advisory Committee (SAC) on Hydrocarbons of MOP&NG for development of indigenous technology and self-reliance in hydrocarbon sector; b) assist refineries in achieving excellence in the field of Energy Performance at par with International Standards through Benchmarking and Targeting Studies, Energy Audit & Performance Evaluation, Hydrocarbon Loss Survey etc.; c) evaluation of Operational Performance of refineries and provide assistance to improve distillate yield, reduction in operating cost and increasing Gross Refinery Margin to have competitive advantage; d) provide access to international best practices, operating trends, specific operational solutions, survey & audit, technology advances, design standards; e) facilitate projects for development of Hydrogen as alternative energy source; f) provide a platform for dissemination and sharing of information amongst the refineries for overall improvement through organizing Activity Committees on major areas of refinery operations/pipelines, Refinery Technology Meets, Seminars/workshops etc.

OIDB is funding the activities of CHT since its inception. During the year 2010-11, CHT received a grant of Rs.11.98 crore, which includes an amount of Rs.3.041 crore for R&D projects.

Major activities of CHT during the year 2010-11 are as under :-

- 1 “Integrated Refinery Business Improvement Programme-Phase 1” by M/s Shell Global Solutions International (Shell GSI):**

Integrated Refinery Business Improvement Programme Phase-I was undertaken with Shell GSI at four refineries, viz., BPCL-Kochi, IOCL-Mathura, CPCL-Manali and HPCL-Visakh. The programme has been implemented and closed at two of the refineries, viz., BPCL-Kochi and IOCL-Mathura whereas it is nearing completion at CPCL-Manali and HPCL-Visakh. On implementation of the programme at all the four refineries, net benefit of US \$ 50 million per year is expected. The entire programme is now expected to be completed by end 2011.

2 “Integrated Refinery Business Improvement Programme-Phase 2” by M/s Shell Global Solutions International (Shell GSI):

Refinery Performance Improvement Programme (RPIP) was initiated to analyse the performance of other refineries not covered under IRBIP Phase-I. Global EOI were invited to short-list the international consultants and subsequently tendering process followed for award of the contract. Agreement was signed by CHT with Shell GSI on 17.02.2011 during the 16th RTM held in February 2011 for providing the services under this programme, to be implemented at HPCL Mumbai, BPCL-Mumbai and MRPL-Mangalore. The total Programme duration will be for a period of 36 months with a targeted benefit of US \$ 45 million per year.

3. International Conference - Refinery Technology Meet (RTM) :

Centre for High Technology, in association with Indian Oil Corporation Ltd., organised the 16th Refinery Technology Meet (RTM) during 17-19 February 2011 at The Oberoi Grand, Kolkata. The theme of the MEET was “World Energy Order - New Frontiers in Refining”. The Meet was inaugurated by Shri S V Narasimhan, Chairman, Indian Oil Corporation Limited and Shri L N Gupta, IAS, Joint Secretary (R), Ministry of Petroleum & Natural Gas. The Meet was attended by over 450 delegates including dignitaries, senior executives from hydrocarbon sector, delegates, invitees, technology suppliers / licensors / service providers from India and Abroad. The Meet dealt with various aspects of global energy scenario, environment, refining processes and opportunities with specific emphasis on value addition through refining process optimisation, upgradation & integration and provided a platform

for sharing, interacting and exchanging ideas amongst refineries, technology providers, R&D institutes etc.

4. Quality Giveaway in Pipelines transfer

CHT coordinated the activities pertaining to implementation of the recommendations of the six Task Forces constituted by MOP&NG to reduce the Quality Give Away (QGA) in pipeline transfers. Most of the recommendations have been implemented which will have positive impact on reduction of QGA.

5. Scientific Advisory Committee (SAC) on Hydrocarbons of MOP&NG :

CHT coordinated the activities of Scientific Advisory Committee on Hydrocarbons of MOP&NG in identifying and funding of R&D projects. During the period, two meetings of the Scientific Advisory Committee were held in May 2010 at CPCL, Chennai and in December 2010 in New Delhi. Four hydrogen project proposals for funding under Hydrogen Corpus Fund were recommended besides review of three hydrogen projects of GAIL and one R&D project on needle coke/carbon fibre of IIP during these meetings.

6. Hydrogen Corpus Fund

The Steering Committee of Hydrogen Corpus Fund (HCF) in its meeting held on 26th October 2010 approved the following four hydrogen projects for funding under HCF at an estimated cost of Rs.705.2 lakh :

- i) Development of large-scale photo-catalytic process using modular reactors for hydrogen production by dissociation of water/H₂S utilising solar energy by IOC (R&D) & BHU at an estimated cost of Rs.70.62 lakh.
- ii) Hybrid-sorption enhanced steam reforming for production of hydrogen from natural gas by BPCL (R&D) at an estimated cost of Rs.415 lakh.
- iii) Design and construction of Metal-organic Framework Material with tuneable physical properties for storage of hydrogen by HPCL & Gitam University Visakh at an estimated cost of Rs.77.95 lakh.

- iv) Integrated approach for bio hydrogen production through combined dark and photo fermentive process by HPCL & TERI at an estimated cost of Rs 141.63 lakh.

7. R&D Projects:

Centre for High Technology sponsors research projects in the field of Petroleum refining; gas processing, transportation, storage and handling of Crude Oil and Petroleum products. The details of projects for which OIIB funds were released by CHT during 2010-11 as well as ongoing R&D projects are given below:

7.1 Completed Projects:

7.1.1 Catalyst Development for Isomerisation of C7+ Hydrocarbons in Industrial Feedstock (IIP):

The objective of the project was to develop a zeolite based catalyst for isomerization of C7+ hydrocarbons in industrial feedstock to have suitable product for gasoline blend. CHT released an amount of Rs.4.17 lakh during 2010-11 for the project (total released Rs.60.71 lakh). The project has been completed.

7.1.2 Development of Solid Acid Catalyst for Alkylation of Iso-butane with Alkenes to form Alkylates as Gasoline Blend (IIP) :

The objective of the project was to develop a zeolite catalyst for alkylation of isobutanes with alkenes to form alkylates as gasoline blends. The research works resulted in successful development of indigenous catalyst exhibiting better performance and higher alkylate yields compared to the standard catalyst. CHT released an amount of Rs.21.02 lakh during 2010-11 for the project (total released amount Rs.51.60 lakh). The project has been completed.

7.1.3 Add-on facilities for development of Trickle Bed Reactor Technology (EIL, IOCL R&D & IIT, Delhi) :

The objective of the project was to carry out research work and study hydrodynamics in large diameter columns for development of Trickle Bed Reactor (TBR) technology for

addressing various aspects of hardware design. The project has been completed in September, 2010 and the research work has resulted one successful indigenous design of distributor system with other internals in commercial reactors of DHDT and FGH units. CHT released an amount of Rs.32.72 lakh during 2010-11 for the project (total released amount Rs.114.45 lakh).

7.2 On-going Projects:

7.2.1 Development of Technologies for Synthetic Aviation Lubricants (SAL) from Renewable feed stocks (IICT, IOCL-R&D, NAL, GTRE & CEMILAC)

The objective of the project is to develop Synthetic Aviation Lubricants Technology for lubricants of aircraft engines and ancillary systems including turbo prop and turbo jet air crafts.

The estimated project cost is Rs.1732.28 lakh, which comprises contribution of Rs.844.90 lakh by CHT / OIDB, Rs.188.40 lakh by DRDO, Rs.150.00 lakh by CSIR and Rs.548.98 lakh by Research Institutes. CHT released an amount of Rs.100.73 Lakhs during 2010-11 for the project (total released Rs.755.47 lakh). SVS-II and SVS-21 SAL base oils produced from Pilot plant at IICT Hyderabad were formulated at IOCL (R&D) Centre and were found to meet all the specifications stipulated in the test schedule. These oils successfully passed the bearing test at NAL Bangalore. Engine test have been successful and the results obtained are encouraging. The project is now expected to be over by June, 2011.

7.2.2 Coal to Liquid technology development by EIL (R&D) and BPCL (R&D):

The objective of this project was syn gas cleaning and development of FT process. Development of gasification technology is, however, not a part of this project. Gasifier with 60 kg / hour capacity was to be procured for syn gas generation. But due to difficulties in procurement of gasifier, the scope needed to be modified to accommodate the gasifier development stage also which is being proposed through collaborative efforts with a private entity.

8. Activity Committee Meetings

Seven Activity Committee Meetings on different areas, viz., Distillation, Pipelines, Fluidised Catalytic Cracking, Power Generation/Distribution/Boiler Operations/ Maintenance, Visbreaker/Delayed Coker, Catalytic Reformer, Environmental Management were held for sharing of best operational practices and improvements.

11.4 Oil Industry Safety Directorate – Grant of Rs. 8.20 crore

Oil Industry Safety Directorate is a technical directorate under the Ministry of Petroleum and Natural Gas and has been entrusted with the responsibility of formulating standards, overseeing its implementation through safety audits in petroleum industry to enhance safety levels and reduce risk inherent with this industry. OISD standards cover the entire activities pertaining to hydrocarbon sector i.e. exploration & production, refining, gas processing, storage, distribution, environment etc. which are implemented on self-regulatory basis by public sector oil companies. OISD standard cover layout, operation, maintenance, inspection, internal safety audit, fire fighting etc. pertaining to these activities. These standards are reviewed and updated from time to time to incorporate the latest technological changes and industry experience.

To check compliance and to further improve safety systems, OISD regularly conducts **External Safety Audits (ESA)** of Exploration and Production Installations, Refineries, Gas Processing Plants, LPG Plants, POL Depot / Terminals, Cross Country Pipelines, SPMs and offshore pipelines. The implementation of the recommendations/suggestions made during these audits are monitored regularly and discussed with senior personnel to ensure their timely completion to enhance the safety levels and reduce risk. **Pre-commissioning audits** are carried out before commissioning of new refinery projects, cross country pipelines, SPM & associated offshore pipelines and marketing installations.

OISD regularly conducts safety **workshops/training** programs for all Oil/Gas Installations across the country to share the experiences, latest technological developments and to disseminate safety related information to industry personnel.

OISD carries out the **investigation of major incidents** in the petroleum industry and maintains an incident database. OISD also evaluate the safety performance of the oil companies for ‘**Oil Industry Safety Awards**’ instituted by Ministry of Petroleum & Natural Gas.

OISD has been entrusted by MOP&NG to look after offshore safety for which international tip-up with PSA, Norway, HSE UK and BOEMRE USA have been initiated. Petroleum & Natural Gas (Safety in Offshore Operations) Rules, 2008 were notified in the Gazette of India to regulate safety in offshore oil and gas exploration, production, drilling & related activities; and Oil Industry Safety Directorate was designated as Competent Authority to exercise the powers and functions as stipulated in these rules, 2008 vide Gazette notification issued in June, 2008.

The Major activities carried out by OISD during the year 2010-11 were briefly as under:-

1.0 Standardization

Standardisation is one of the major activities of Oil Industry Safety Directorate. Standardisation is required to keep abreast of the latest design and operating practices in the areas of safety and fire fighting in the hydrocarbon processing industry in the developed countries, so as to develop standards and codes that would be suitable for the conditions in India. The areas where standards/recommended practices/guidelines need to be developed are identified by analysing the incident data base developed at OISD as well as in Safety Council and Steering Committee meetings. The standardisation work is then taken up by the Functional Committees nominated by the Steering Committee. As a continuous exercise, new areas for Standardisation are identified. During the year complete revision/amendment of 10(Ten) OISD standards were undertaken. Further, 5(Five) nos. of OISD standards were sent to Safety Council members for comments. As on 31st March, 2011, a total 112 standards have been published and distributed.

Review/Revision of Standards

OISD standards are generally reviewed every 4 years after first publication to incorporate the latest technological changes and experience gained in their implementation so as to update them in line with the current international practices. During the year, complete revision / amendments of 10 existing standards were approved by the safety council.

As of 31st March, 2011, overall status of standardization is as follows:

Total no. of standards/recommended practices/guidelines identified	113
(A) Published & Distributed	112
(B) Standards under various stages of preparation	01
Total	113

2.0 Offshore Safety Rules - Implementations

Consent for operation of 33 offshore installation (mobile & fixed) and 2 SPMs and associated 20 kms of offshore pipeline have been accorded by OISD after scrutiny of various documents submitted in line with the requirements of Petroleum & Natural Gas (Safety in Offshore Operations) Rules, 2008.

3.0 External Safety Audits (ESAs)

External Safety Audit of the 64 onland Exploration & Production Installation, 10 offshore E&P installations, 4 Refineries, 2 Gas Processing Plant, 24 LPG Bottling Plants/POL Depot Terminals and 2128 km of Cross Country Pipelines were carried out during the year.

Surprise Safety Audits

Surprise safety checks were carried out in 4 Refineries, 2 Gas Processing Plants.

Pre-commissioning Safety Audit

Pre-commissioning safety audit of 15 projects in Refineries, 7 LPG Bottling Plants, 2 POL Depot Terminals, 982 km of Cross Country Pipelines, 2 Nos. of SPMs and associated 20 Kms offshore pipeline were carried out during the year.

4.0 Monitoring of Recommendations of External Safety Audit

The External Safety Audit reports have been sent to the Chief Executives of the concerned oil companies for implementation. OISD on its part regularly monitored the progress of implementation of the recommendations of these audits.

5.0 Oil Industry Safety Awards

Safety performance of the organizations in the oil industry is being regularly evaluated through a Safety Award Scheme, which was instituted in 1987 to commemorate 40th

anniversary of Independence. The Safety performance evaluation is done considering complexity on installations based on units involved and product handled, manpower, fire and accidents and assessment of safety management system. In order to sensitize and motivate individual employee towards the importance of safety, it was also decided to give away cash awards for five individual employees / contract workers who have made significant contribution to prevent accidents at work places. Safety performance of the Oil/Gas Installations in the oil industry have been evaluated for the year 2009-2010 during the period and 26 award under 6 categories have been approved by MoP&NG .

6.0 Accident Reporting, Investigation & Analysis

Industry reports information pertaining to all major accidents immediately on occurrence to OISD. OISD in turn keeps Ministry informed and conducts on the spot study in certain cases and also participated in investigation depending upon the severity/damage as considered necessary. A brief of some of the major incidents and the recommendations arising out of investigations carried out independently or in association with OISD representatives are circulated as Advisory Notes to oil industry for their information and necessary action to avoid recurrence. OISD conducted investigations of 5 incidents during the year.

7.0 Training Programmes Workshops

Following seminars and workshops were organised by OISD during the year.

- Two day seminar conducted during 14-15 January 2011 at New Delhi on “Hydro processing: Challenges in Hi Pressure system and H₂S handling in Refineries and Gas Processing Plants.”
- Two days OISD workshop held during 24-25 February 2011 at New Delhi on “Asset Integrity in E&P Sector” in association with Bureau of Ocean Energy Management Regulation and Enforcement (BOEMRE).

8.0 Dissemination of Safety information

This is a continuous activity of OISD wherein details regarding fires, accidents and near misses occurring in the installations of the entire industry are received on a quarterly basis and stored in a computerized data base. After analysis, the information showing statistical

trends, areas of concern, major recommendations etc. is disseminated to industry through Steering Committee Meetings, Workshops and OISD Journal - **Petrosafe**. OISD also publish “**OISD Newsletter**” to disseminate information on various safety related activities. OISD also disseminates safety related information on its website i.e. www.oisd.gov.in

11.5 Petroleum Planning and Analysis Cell (PPAC) : Grant in aid of Rs.10.95 crore

Subsequent to the dismantling of the Administered Pricing Mechanism (APM) in the petroleum sector with effect from 1st April, 2002, Oil Coordination Committee (OCC) was abolished and a new cell, PPAC was created w.e.f. 1st April, 2002 under the Ministry of Petroleum and Natural Gas, to assist the Government in discharge of some of the functions earlier being performed by OCC. As per Government’s directives, the expenses of the PPAC are borne by OIDB by way of grant.

The functions of PPAC are administration of subsidy on PDS Kerosene and Domestic LPG; administration of freight subsidy for far flung areas; maintenance of information data bank and communication system to deal with emergencies and unforeseen circumstances; analysis of the trends in the international oil market and domestic prices; forecasting and evaluation of petroleum import and export trends.

During the year, OIDB released a grant of Rs.10.95 crore for meeting the expenditure of PPAC. Major activities completed during 2010-11 are :-

a) Settlement of Subsidy claims of OMCs

During the year 2010-11, Rs.2904.26 crore and Rs.22.33 crore were paid as subsidy on PDS Kerosene and Domestic LPG and Freight Subsidy for far-flung areas respectively by the MOP&NG on the subsidy claims processed by PPAC.

b) Settlement of Under recovery claims of OMCs

During the year 2010-11, total under-recovery claims of Rs.78,190 crore on MS, HSD, Domestic LPG and PDS Kerosene were scrutinized and compensation mechanism thereof was prepared. Under the burden sharing mechanism, Rs.30,297 crore was contributed by the PSU upstream companies in the form of discounts and Rs.41,000 crore was provided as cash assistance by the Government.

c) Study on Data Management System

PPAC has entered into an MOU with Indian Statistical Institute (ISI) Kolkata on 22.9.2009 for study on Data Management System for Oil and Gas Sector and formulation of Data Quality Guidelines and Manuals by ISI. The all-inclusive cost of this Project is Rs.50 lakhs. The scope of the project includes, inter-alia, assessment of the current data system and identification of areas of improvement and preparation of guidelines and manuals for the officials of PPAC for effective collection and dissemination of data. ISI has already completed two stages of work, which include submission of Inception Report and Preliminary Assessment Report. Next stage of work is related to Draft design of Data system, which is under finalization.

d) Asian Energy Outlook

Institute of Energy Economics, Japan (IEEJ) has initiated a joint project to develop the Asian Energy Outlook by Asian petroleum producing & consuming countries. It has involved energy experts from Asian countries in developing the Asian Energy Outlook including major countries like China, India, Saudi Arabia, Korea etc. IEEJ has organized workshops on the subject in different countries. The 4th workshop was held in New Delhi on 23rd September 2010. The workshop was hosted by PPAC on 23rd September 2010 in New Delhi.

During the year under report, OIDB released a grant of Rs.10.95 crore for meeting the expenditure of PPAC.

11-B R & D Grants

11.6 Oil and Natural Gas Corporation (ONGC) – Grant of Rs. 0.29 crore

ONGC is actively engaged in exploration and exploitation of hydrocarbons. With a view to keep pace with the global advancement in exploration, various R&D institutes of ONGC are carrying out R&D activities in the upstream areas of exploration, drilling, reservoir management, production, engineering, safety etc. OIDB has been continuously supporting ONGC'S efforts for carrying out the R&D activities by providing grant for select projects.

To safeguard continuous energy supplies in general as well as to manage the rise in demand for fossil fuels that a growing economy and population pose, it was considered prudent to create underground storages of significant amounts of petroleum within salt caverns as strategic storage sites besides the storages in rock caverns and conventional aboveground steel tanks.

Keeping this in view, OID Board has approved 75% of the total estimated cost of Rs.6.14 crore as grant in aid to KDMIPE, Dehradun for preparation of a ‘Detailed Feasibility Report’ for creation of ‘Strategic storage for Crude Oil’ in salt caverns in India. The prime objective of the study is to fulfill the need for a Strategic Petroleum Reserve for the country in case of disruption of supplies from international markets and to overcome oil price shocks from time to time.

The project had been completed and final report submitted by ONGC. OIDB has released an amount of Rs.0.29 crore for the project during the year 2010-11.

11.7 Indian Institute of Petroleum (IIP), Dehradun- Grant of Rs.0.56 crore.

OIDB sanctioned a grant in aid to IIP, Dehradun for “Setting up of Modernized Emission Measurement Facility” at IIP Dehradun. The initial grant sanctioned by OIDB was 75% of the initial project cost of Rs.17.13 crore. Balance 25% was to be borne by CSIR/IIP. Further, OIDB allowed utilizing the interest earnings up to Rs.1.18 crore towards cost overrun of the project.

The project involves setting up of modernized emission measurement facility for heavy-duty diesel engines. The facility consists of a transient dynamometer test bed, full and partial flow dilution tunnel, pre and post-cat emission analysis system, fuel conditioning, intake air conditioning and central air conditioning of the test cells for temperature and humidity control. The facility is capable of undertaking the following studies:

- Engine performance and emission studies for heavy-duty diesel engines as per Euro-IV or Bharat Stage-IV emission norms.
- Engine performance and raw emission studies for R&D purpose on light, medium and heavy-duty gasoline and diesel engines.

The estimated project cost is Rs.33.00 crores with 50:50 funding by CHT / OI DB and participating organisations. CHT released an amount of Rs.119.33 lakhs during 2010-11 for the project (total released Rs.181.21 lakh).

7.2.3 Synthesis of Room Temperature Ionic Liquids and to study their applications for extraction of Sulfur, Nitrogen & Aromatic compounds from Petroleum Feedstock (IIP):

The objective of this project is to synthesise room temperature ionic liquids and to study their application for extraction of sulfur, nitrogen and aromatic compounds from petroleum feed stocks.

The project is being executed by IIP at an estimated cost of Rs.65.40 lakh. CHT released an amount of Rs.11.92 lakh during 2010-11 for the project (total released Rs.56.26 lakh).

7.2.4 Developing Protocols of Gasifiers of a mixture of Coal & Petroleum Coke by IIT Madras and BPCL:

Total cost of the project is Rs.50.81 lakh, out of which CHT/OI DB would contribute Rs.37.0 lakh in three years and Rs.13.81 lakh by BPCL. CHT/OI DB released an amount of Rs.6.57 lakh during 2010-11. The total amount released by CHT/OI DB till 31st March 2011 was Rs.11.64 Lakhs for the project.

7.2.5 Development of Bio-catalytic Process for Desulphurisation of Diesel (IIP, IOCL R&D & IIT, Delhi):

The objective of the project is to develop bio-desulphurisation process for treatment of hydro-treated diesel and cracked distillates for reduction of sulfur level from 2500 ppm to 100 ppm.

The estimated project cost is Rs.122.59 lakh, which comprises contribution of Rs.89.59 Lakh by CHT/OI DB and Rs.33.00 lakh by IOCL-R&D Centre. No funds were released during 2009-10, as there was no progress. However, total amount released by CHT/OI DB till 31st March 2010 was Rs.80.25 lakh.

The facility would be used for evaluation of new generation fuels for emission compliance, for R&D work on fuels, lubricants and engines, for mass emission certification of heavy-duty diesel engines and for engine performance and fuel economy studies on various categories of automotive engines.

11.8 Indian Institute of Technology, Bombay - Grant of Rs.1.80 crore

The Department of Earth Sciences at IIT Bombay initiated petroleum geo-science related teaching and research as a follow up of several interaction meet between upstream hydrocarbon industry and academia organized by the DGH in 2005-2006. Teaching organic geochemistry to the students of newly introduced M.Tech. program and developing research facilities in this specialized field was a part of this initiative by the department. The IIT Bombay recruited a faculty in this area and provided laboratory infrastructure. A GC-MS was procured through DST grant and the OIDB sanctioned Rock Eval Pyrolyzer to strengthen the newly established laboratory. The combined facility of GC-MS and Rock-Eval Pyrolysis will be unique to an academic department and serve the purpose of sustained training of applied graduates for petroleum exploration in the country.

The present research project was sanctioned in 2010 and the first installment of the grant was received on 29.01.2011. The objective of the project is to evaluate the potential of Paleogene lignite and carbonaceous shale of Western India as source of hydrocarbon.

11.9 Bharathidasan University, Tiruchirapali, Tamil Nadu - Grant of Rs.0.50 crore

OIDB has approved a grant of Rs.4.98 crore to Bharathidasan University for its project named “Integrated Remote Sensing and GIS Technologies for targeting Hydrocarbon locales from soil tonal and Geochemical Anomalies related to OIL and Gas seepage in selected Frontier Basins of India”.

The project proposal “RES-OIL” is aimed at locating the probable areas of hydrocarbon in three frontier basins namely Cuddapah, Deccan syncline and Indo-Gangetic plains through-

- (i) GIS based 3D visualization of gravity, airborne magnetic and borehole lithology data and identification of basement geological structures / faults

- (ii) Establish their surface connectivity through SRTM and digitally processed satellite image derived surface lineaments and detection of zones of active tectonics using geomorphic and drainage anomalies amongst such exposed deep seated structures / faults
- (iii) GIS integration of subsurface and surface geological parameters and narrow down the areas for hydrocarbon search in these three frontier basins and selection of test sites/test windows to carry out the surface geochemical exploration to locate the possible zones of soil degasification and micro seepages of hydrocarbon areas
- (iv) GIS Integration of geochemical data with subsurface and surface geological structures and analyze the relation between them
- (v) Detection of soil tonal and vegetation anomalies and alteration zones related to soil degasification and micro seepages of hydrocarbon from digitally processed multispectral and hypersepctral satellite data
- (vi) GIS integration of all the above data and identification of favorable hydrocarbon locales for detailed further studies

The Project “RESOIL” has progressed up to IVth stage and progressing towards stage V and VI. OI DB has so far released an amount of Rs.3.41 crore including Rs.0.50 crore disbursed in 2010-2011 to the University for carrying out envisaged activities.

11.10 North East Institute of Science and Technology (NEIST) (Formerly Regional Research Laboratory): Grant of Rs. 0.11 crore

The main objective of the project is to develop a process for making “Super High Strength Proppants” which can withstand high mechanical strength and have minimal acid solubility in a mixture of 3% HF and 12% HCl. This can be achieved through sintering high grade bauxite powders followed by coating with appropriate resin. Different bauxite samples were utilized to develop proppants. From the powdered bauxite material, green pellets of different sizes were prepared using the Pelletizer: Eirich Mixture. These green pellets were dried, calcined and sintered at high temperature ranging from 1300 to 1650° C depending on the chemical constituents of the respective bauxite materials and were coated with resin. Two

types of resin were used for coating of proppants viz. phenol-formaldehyde and epoxy resin. The resin coated proppants evaluated as per API recommendation, indicated effective reduction of acid solubility. Further progress is going on as per schedule programme / work elements. Filing of a patent entitled “A process for the preparation of resin coated bauxite proppants” has been initiated.

OIDB has released an amount of Rs.0.11 crore towards the project during the year 2010-11.

11.11 Indian Oil Corporation Limited: Grant of Rs. 2.77 crore for the project titled “Pilot Study before implementation of 10% Ethanol Blended Petrol (EBP) Program”

Indian Oil Corporation Ltd (IOCL) was formed in 1964. Over the decades, it has evolved and grown to be India’s largest commercial enterprise. The company is truly the leader in refining, marketing and pipeline transportation in the country. The Research and Development Centre of Indian Oil was established in 1972 with the primary objective to develop indigenous technology for down stream sector. The Government entrusted R&D Centre of IOCL to carry out evaluation of effects of 10% EBP on motorcycles and passenger cars by conducting controlled field trials up to 20,000 km and 40,000km respectively. During the field trials testing of Fuel properties, Cold and Hot startability at 5°C & 45°C and vehicle drivability, Fuel economy, Mass emissions, Used engine oil Analysis and Material compatibility was carried out.

The studies conducted by Indian Oil R&D have shown satisfactory vehicle performance, fuel economy and emissions with 10% EBP vis-à-vis normal petrol. With regard to material compatibility of the test coupons metallic and non metallic provided by SIAM, 10% EBP has caused some impact on Neoprene type of rubber. The total sanctioned amount by OIDB towards the Project was Rs.386 lakh. OIDB has already released the Rs.2.77 crore during the financial year 2010-11. The Project has been completed.

11.12 National Geophysical Research Institute (NGRI) : Grant of Rs. 3.05 crore

National Geophysical Research Institute (NGRI) under the CSIR has completed the project “Setting up the Techniques for Surface Geo-microbial prospecting of Hydrocarbons comprising

of Microbial, fluorescence Finger printing, Soil salts and Bitumen based methods under India Hydrocarbon Vision 2005". The project completion report has been submitted to OIDB in Dec 2008.

In 2010-11, the following studies/surveys were carried out using the above facility:-

- (i) Surface Geochemical survey for oil and gas exploration in Rajasthan basin for DGH
- (ii) Adsorbed soil gas survey for the exploration of hydrocarbon research and exploration in Bengal basin for DGH
- (iii) Geochemical survey in NELP-VI block RJ-ONN-2004/1 Bikaner Nagaur basin for Gas Authority India Limited (GAIL).

11.13 Central Institute of Plastic Engineering & Technology : Grant of Rs. 2.75 crore

Central Institute of Plastics Engineering & Technology (CIPET) was established in 1968 at Chennai under the aegis of Department of Chemicals & Petrochemicals, Ministry of Chemicals and Fertilizers, Govt. of India. CIPET is a pioneering National Institute fully devoted to Academics, Technology & Research (ATR). All the services rendered by CIPET viz. training, research and development, consultancy and advisory services are at par with International Standards. All CIPET laboratories are accredited by National Accreditation Board for Testing and Calibration Laboratories (NABL) by Department of Science and Technology, Govt. of India.

CIPET has substantial technology assets that can be purposed in order to improve & expand its developmental efforts. CIPET, established with an objective to cater the need of plastics & allied industries through manpower development, training and technical services, is well equipped with state-of-art facilities in the areas of Design CAD/CAM, Tooling, Plastics Processing, Testing, Characterization & Quality Assurance.

The project entitled 'National Research Programme on Development of Light Weight Fuel Efficient Polyolefin Nanocomposites for Application in Transportation Sector' sanctioned by OIDB to Laboratory for Advanced Research in Polymeric Materials (LARPM) CIPET Bhubaneswar during December 2010 aims to investigate the effect of structural, material and parameter uncertainties on the response & performance of various components to evaluate

the uses of, and markets for, high-technology lightweight materials in key worldwide transportation markets. The facility support from the aforementioned project would also cater to the needs of development of innovative nanomaterials in the transportation sector. The project is under progress in line with the objectives & shall be resolving the potential issues pertaining to Nanoscience & Technology in the country. The activities under progress would lead to publications and patent applications in the recent years.

11.C Schemes/Projects sponsored by Govt. of India/OIDB

11.14 Hydrogen Corpus Fund – Grant of Rs.10.00 crore

The Ministry of Petroleum & Natural Gas has set up a Hydrogen Corpus Fund on the use of hydrogen as an auto fuel. The Indian Oil Industry has to work synergistically and in close coordination with reputed technological institutions to make headway in this frontier area. With this object in mind, the Ministry has set up a hydrogen corpus fund of Rs.100 crore with contribution from Oil PSUs/OIDB as follows:

- | | |
|--------------------|-------------------|
| 1. OIBD | Rs.40 crore |
| 2. ONGC, IOC, GAIL | Rs.16 crore each |
| 3. HPCL, BPCL | Rs. 6 crore each. |

OIBD is to maintain the Account of the fund. OIBD has so far contributed an amount of Rs.20 crore to the corpus. M/S IOCL and ONGC have already initiated R&D activities for usage of Hydrogen as a source of energy.

9 projects estimated to cost Rs.41.51 crore have been approved by Scientific Advisory Committee (SAC) for implementation by various PSUs and other institutions. An amount of Rs.1.29 crore has been released for same from HCF till March, 2011.

The corpus of HCF was Rs.87.32 crore at the end of March 2011.

11.15 Rajiv Gandhi Institute of Petroleum Technology (RGPT) – Grant of Rs.0.75 crore

The Phase –I construction of the campus has commenced in August, 2010 after obtaining all statutory approvals. Engineers India Limited (EIL) has been engaged as Project

Management Consultant. The Phase-I of campus facilities planned include construction of 13.5 lakh sq.ft. area consisting of the following facilities :

- i) Residential blocks for faculty and staff.
- ii) Student Hostel
- iii) Academic buildings comprising of faculty blocks, lecture halls etc.
- iv) Visitors hostel, medical unit and commercial centre.

The target completion date of the project is 30th April,2013. The major civil and structural work awarded at a cost of Rs.180 crore is in progress and the overall progress status as on 31st March,2011 is 24.5%. Preparation of tender documents for electrical, civil finishing and other work relating to fire fighting, plumbing, air-conditioning, etc is in progress.

OI DB has disbursed an amount of Rs. 0.75 crore released during 2010-11.

11.16 Rajiv Gandhi Institute of Petroleum Technology (RGIPT) Assam – Grant of Rs.2.93 crore

The primary objective of the Assam Centre of RGIPT is envisaged as the offering of programmes of education and training of skilled technical manpower at the certificate, diploma and advance diploma levels; skilled higher-end technical manpower at the Integrated Dual Degree (B.Sc-M.Sc.). The diploma programmes will include Mechanical Engineering, Electrical Engineering, Laboratory Technology and Instrumentation Technology. The advance diploma programmes will be on Drilling Technology, Pipeline Engineering and Petroleum Operation.

A plot of 100 acres of Govt. land identified in Sivasagar was purchased by RGIPT in 2010. M/s Engineering India Limited has been engaged as Project Management Consultant for construction of the Assam Centre Campus in 24 months time schedule. The following progress of the campus work has been achieved:

- Site Survey work and the Geotechnical investigation work has been completed.
- Phase-I site grading has been awarded in March, 2011.
- The Civil and Structural works tender for approximately 3.671 lakhs sq.ft. construction area is under preparation which consist of Academic Blocks of 1.19 lakhs sq.ft., Faculty

Housing 0.69 lakh sq.ft., student Hostel complex-0.78 lakhs sq.ft. and balance area for admin. Centre, Rajiv Gandhi Plaza, Auditorium and Amenities.

11.17 Pre feasibility for Phase-II of Strategic Storage Program : Grant of Rs. 2.20 crore

OID Board in its 77th meeting held on 3rd August,2009 had accorded in principle approval and Central Government conveyed its approval vide letter dated 12 February, 2010 for undertaking Pre Feasibility Studies for the Phase II of Strategic Storage Program.

To this effect, Engineers India Ltd. has been assigned to undertake the pre feasibility studies so as to identify technically suitable sites and prepare a Preliminary Feasibility Report (PFR) with a fee of Rs.235 Lakhs plus taxes.

The scope of the PFR covered selection of sites for creation of storage facilities for both crude oil and petroleum products, with type of storage and maximum possible capacity of storage for each selected site. Three different storage systems viz. underground unlined rock caverns, solution mined salt caverns and in-ground concrete tanks have been considered for the storage facilities. Thereby, new storage technologies are being adopted for implementation in the country.

The Draft Preliminary Feasibility Report by EIL on crude oil storage facilities have been submitted on 30th August,2010 and the Draft Preliminary Feasibility Report on product storage facilities have been submitted on 30th September, 2010.



CHAPTER - III

OTHER ACTIVITIES

12. OTHER ACTIVITIES DURING THE YEAR

(i) OIBD Drought Relief Trust (OIBD DRT)

During the period April to June 2000 unprecedented drought had hit some States viz. Andhra Pradesh, Rajasthan and Gujarat. In response to appeal made by the then Hon'ble Prime Minister, the Ministry of Petroleum & Natural Gas, during May 2000 decided to reimburse the cost of diesel for transportation of drinking water to the drought affected villages in these states. For this purpose, with the approval of the then Hon'ble Minister of Petroleum & Natural Gas, a Trust named OIBD Drought Relief Trust was formed on 01.06.2000 as a Charitable Trust. The President of the Trust is Secretary (PNG) ex-officio, Managing Trustee of the Trust is Additional Secretary (PNG) ex officio and Secretary (OIBD) is the Secretary of the Trust with other representatives from the Oil PSUs as trustees. As directed by the Ministry, Oil PSUs has contributed to Corpus to the tune of Rs.20.60 crore. As on 31.03.2011, an amount of Rs.17.61 crore approximately has been released to various State Govts./ Prime Minister Relief Fund and other Welfare Organizations. As on 31.03.2011, the balance funds (including interest) in OIBD Relief Trust stood at Rs.13.71 crore approximately. The Trust has been granted exemption under Section 80 (G) of the Income Tax Act till 31.03.2011. As the aims and objectives of the Trust are broad based and permit financial assistance for other welfare measures also, the change of name of the Trust from OIBD Drought Relief Trust to OIBD Relief Trust is in process.

(ii) Implementation of Government's Official Language Policy

Oil Industry Development Board has implemented the Rules and Policies of Official Language Act in its Secretariat office. OIBD also ensures implementation of Annual Programme issued by the Government from time to time. All the computers have already been provided with various Hindi Software like Akshara XP, Ankura and Microsoft Word 2003 etc. All rules of OIBD are bilingual.

In order to undertake the Official Language implementation work effectively, an Official Language Implementation Committee is functioning in OIBD under the Chairmanship of Secretary (OIBD). The Committee reviewed the overall progress of implementation of Official Language Policy in OIBD, as also the progress of implementation of the Annual Program circulated by Department of Official Language.

During the year 2010-11, a number of steps were taken to maximize the use of Hindi such as:

- On the occasion of Hindi Diwas, Hindi Month was organized in OIDB from 01.09.2010 to 30.09.2010.
- Various competitions were organized to encourage employees of the Board to do their work in Hindi. These included news writing, essay writing, competition related to knowledge of official language, debate, quiz competition etc. Successful Candidates were rewarded with cash prizes.
- Instructions were issued to all officers/employees of OIDB who are proficient in Hindi to submit their work in Hindi only.
- Quarterly, Half yearly and Annual Progress Reports on progressive use of Hindi were sent to Department of Official Language regularly.
- Substantial number of books, magazines and newspaper published in Hindi were purchased and are available in OIDB Library. Help books such as technical terminology in Hindi/English dictionaries etc were provided to the officers and staff.
- Regular Hindi Workshops were organized in OIDB on various development topics such as “how to update your website”, “how to work on computer in Hindi” & “we and Hindi” etc. to effectively propagate the use of Hindi.
- OIDB continued to publish its annual in-house Hindi Magazine titled “Anubhuti”. The magazine provided topics related to literature, poetry, religious issues, and social experiences. This magazine aims to disseminate interest towards Hindi besides writing in the official language.



(iii) Right to Information Act

Right to Information (RTI) Act, 2005 has been implemented in the OIDB as per Gazette Notification of Government of India dated 15th June, 2005. RTI Act is inter-alia designed to promote transparency and accountability in the functioning of public authorities.

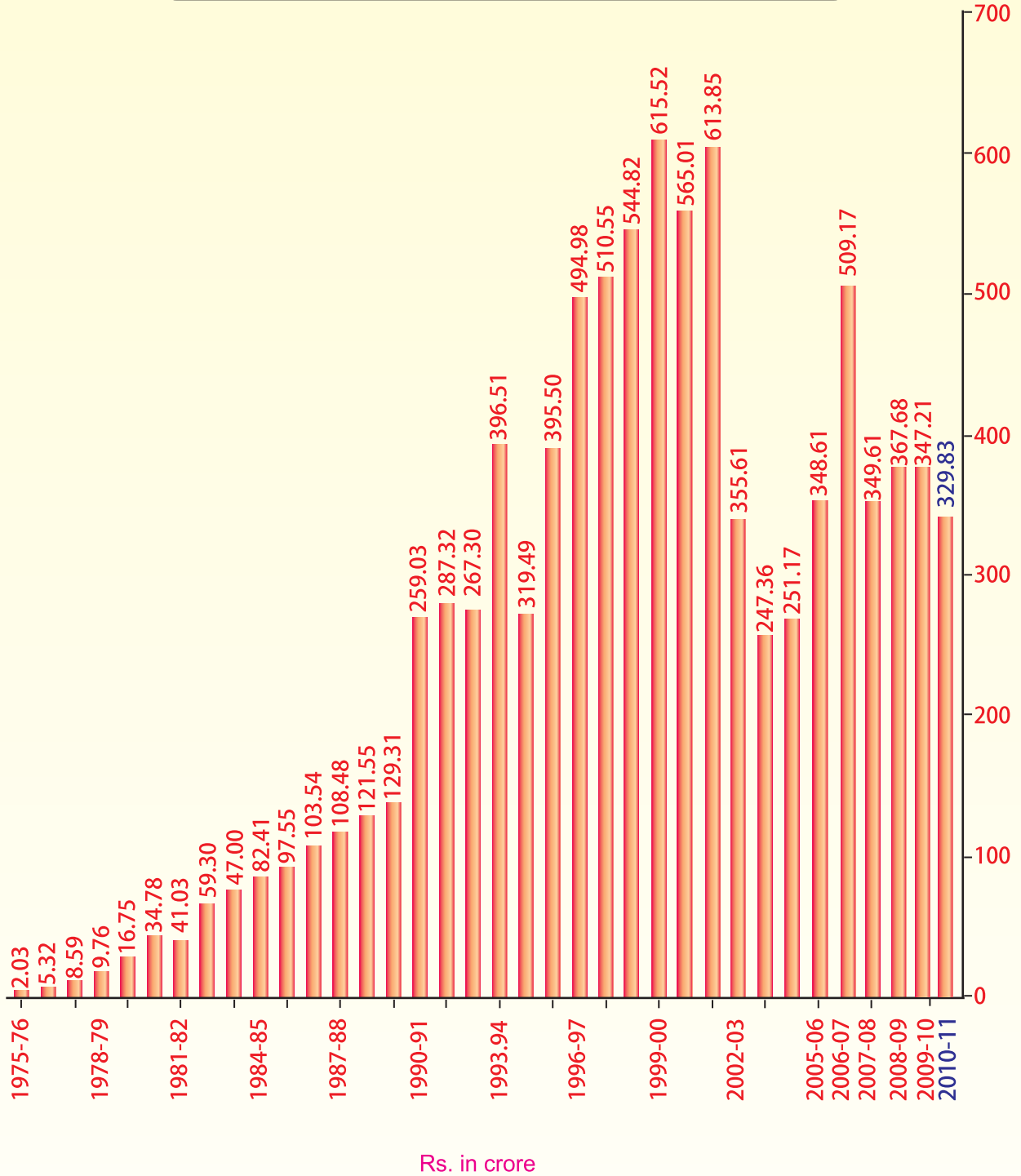
As per provisions of Section 5 and 19 of the Right to Information Act, 2005 and in supersession of all the earlier orders issued, FA&CAO, Manager (Estate) and Section Officer are designated as Appellate Authority, Public Information Officer and Assistant Public Information Officer respectively.

During 2010-11, 6 applications/receipts have been received under RTI Act, 2005 in the OIDB. Out of 6 applications/receipts, 5 Applications/receipts have been disposed of. The remaining applications/receipts would be disposed off within the time limit prescribed in the RTI Act.

13. Accretions to the fund from Internal Resources

The OIDB generates internal resources by way of interest receipts on loans and short-term investments. During 2010-11, an amount of Rs.329.83 crore accrued to the Fund as compared to Rs.347.21 crore during 2009-10. The position regarding similar accretions to the Fund during the last twenty-nine years is shown in the graphic picture.

ACCRETION TO OI DB BOARD



14. Annual Accounts and Audit

The Board continued to maintain accounts of all financial transactions carried out by it during the year under report. The accounts appended to the report comprise Income & Expenditure Account and Balance Sheet duly audited and reported upon by C&AG of India as sole auditor for OIDB.

**Detailed statement of cess collection by the Central Government and its allocation to the
OIDB.**

(Rs./crore)

Sl. No.	Year	Collection of cess on crude oil by Govt.	Collection charges	Net amount of cess collection	Payment made to OIBD by the Govt.
1.	1974-75	30.82	0.62	30.20	16.01
2.	1975-76	50.05	1.00	49.05	62.27
3.	1976-77	52.88	0.53	52.35	48.19
4.	1977-78	63.72	0.64	63.08	50.10
5.	1978-79	68.89	0.69	68.20	20.00
6.	1979-80	69.70	0.70	69.00	140.00
7.	1980-81	60.40	0.60	59.80	25.01
8.	1981-82	138.97	1.39	137.58	142.92
9.	1982-83	268.83	2.69	266.14	100.00
10.	1983-84	812.80	8.13	804.67	-
11.	1984-85	850.12	5.70	844.42	-
12.	1985-86	897.66	6.01	891.65	-
13.	1986-87	981.50	6.57	974.93	-
14.	1987-88	1806.60	12.10	1794.50	-
15.	1988-89	2013.64	13.49	2000.15	63.09
16.	1989-90	2914.57	19.53	2895.04	50.00
17.	1990-91	2785.15	18.65	2766.50	89.81
18.	1991-92	2500.64	16.76	2483.88	95.00
19.	1992-93	2207.61	14.70	2192.91	-
20.	1993-94	2175.46	14.57	2160.89	-
21.	1994-95	2566.16	17.19	2548.97	-
22.	1995-96	2819.52	18.89	2800.63	-
23.	1996-97	2558.03	17.14	2540.89	-
24.	1997-98	2528.74	16.95	2511.79	-
25.	1998-99	2448.18	16.40	2431.78	-
26.	1999-00	2589.44	17.35	2572.09	-
27.	2000-01	2582.21	17.31	2564.91	-
28.	2001-02	2722.79	18.24	2704.55	-
29.	2002-03	4873.17	32.65	4840.52	-
30.	2003-04	4919.49	32.96	4886.53	-
31.	2004-05	5033.97	33.73	5000.24	-
32.	2005-06	4857.58	32.55	4825.03	-
33.	2006-07	6875.53	46.06	6829.47	-
34.	2007-08	6854.00	45.92	6808.08	-
35.	2008-09	6680.94	44.76	6636.18	-
36.	2009-10	6637.13	43.47	6593.66	-
37.	2010-11*	7671.44	51.40	7620.04	-
	Total	95968.33	648.03	95320.30	902.40

The figures of Cess received in OIBD are provided by ONGC, OIL & DGH. (*Provisional)



CHAPTER - IV

OIL INDUSTRY DEVELOPMENT BOARD AT A GLANCE

ANNUAL REPORT 2010-2011

OIL INDUSTRY DEVELOPMENT BOARD AT A GLANCE

(Rs. in crore)

S.No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
I	Cess collection by the Govt. of India	6829.47	6808.08	6636.18	6593.66	7620.04
II	Resources	-	-			
	a Allocation out of cess collected by the Govt.	-	-		-	-
	b Loans repayment receipt	540.42	1860.77	1290.33	2601.71	1429.18
	c Interest and other receipts	906.59	716.60	789.36	863.81	741.55
	d Closing Balance	1636.90	1816.99	170.75	96.41	26.03
	e Investment in equity	(90.80)	-	-	-	-
	f Surplus transferred to OID Fund Account	509.17	349.61	367.68	349.39	329.83
III	Financing Operations					
	i Assistance for plan projects					
	a Sanctioned	1885.00	1982.10	3043.00	2779.00	1388.41
	b Disbursed	1827.90	1982.10	3043.00	2779.00	1388.41
IV	Other assistance including assistance for non-plan projects					
	a Sanctioned	-	-	-	-	-
	b Disbursed	-	-	-	-	-
	i) Assistance for R&D projects including schemes run by GOI/OIDB					
	a Sanctioned	225.91	109.57	141.08	151.65	128.77
	b Disbursed	211.45	105.80	135.94	151.63	128.77
	c Investment in the equity of ISPRL	36.80	57.50	179.29	67.65	0.00
	d Royalty Payment to State Govt.	29.11	30.62	16.00	8.30	54.89
	e OIDB's expenses including cap. Exp & Contract Cell expenses	11.01	27.17	62.53	100.89	100.92
	f Advances	36.56	8.43	15.80	270.64	567.31
	g Income tax payment	188.15	185.66	273.37	161.76	147.58
	Total funds sanctioned during the year	2223.90	2382.66	3776.61	2930.65	1517.18
	Actual receipts during the year	3977.88	4214.27	3895.07	3465.53	2170.73
	Total funds utilized including investments in equity/income tax but excluding advances	2340.98	2397.28	3724.32	3269.25	1820.57
	Loans outstanding (PSUs) (at the end of the year)	6879.78	7001.10	8753.79	8931.08	8890.31



CHAPTER - V

ANNUAL ACCOUNTS

ANNUAL REPORT 2010-2011

**OIL INDUSTRY DEVELOPMENT BOARD
BALANCE SHEET AS AT 31.03.2011**

(Rs.in lakh)

CORPUS / CAPITAL FUND AND LIABILITIES	Sch	Current Year	Previous Year 31.03.2010
Corpus/Capital Fund	1	90240	90240
Reserves and Surplus	2	927226	894243
Earmakred/Endowment Funds	3	0	0
Secured Loans and Borrowings	4	0	0
Unsecured Loans and Borrowings	5	0	0
Deferred Credit liabilities	6	0	0
Current Liabilities and Provisions	7	60410	42207
TOTAL		1077876	1026690
ASSETS			
Fixed Assets (Net Block)	8	1955	1956
Work in Progress	8	13986	12492
Investments-Earmarked/Endowment Funds	9	0	0
Investments -Others	10	35882	35882
Current Assets, loans, Advances etc.	11	1026053	976360
Miscellaneous Expenditure (to the extent not written off or adjusted)		0	0
TOTAL		1077876	1026690
Significant Accounting Policies	25		
Contingent Liabilities and Notes on Accounts	26		

(T. S. Balasubramanian)
 FA&CAO


(Arun Kumar)
 Secretary

DATE : 19 July 2011
PLACE : New Delhi

OIL INDUSTRY DEVELOPMENT BOARD
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31.03.2011

(Rs.in lakh)

INCOME	Sch	Current Year	Previous Year
Income from Sales / Services	12	0	0
Grants / Subsidies	13	0	0
Fees / Subscriptions	14	0	0
Income from Investments	15	0	0
Income from Royalty, Publication, Sale of Data by DGH etc.	16	3250	2174
Interest Earned	17	67458	71042
Other Income	18	2	23
Increase / (decrease) in stock of Finished goods and works-in-progress.	19	0	0
TOTAL (A)		70710	73239
EXPENDITURE			
Establishment Expenses	20	317	358
Other Administrative Expenses etc.	21	379	90
Expenditure on Grants, Subsidies etc.	22	12877	15163
Interest paid	23	0	0
Royalty to State Governments	24	9386	7441
Provision for doubtful debts		0	0
Fringe Benefit Tax		0	0
Depreciation (Net Total at the year-end - corresponding to Schedule 8)		10	6
TOTAL (B)		22969	23058
Balance being excess of Income over Expenditure (A-B)		47741	50181
Provision for Income Tax		14758	15460
Transfer to Special Reserve (Specify each)		-	-
Transfer to General Reserve		-	-
BALANCE BEING SURPLUS CARRIED TO CORPUS / CAPITAL FUND		32983	34721
Significant Accounting Policies	25		
Contingent Liabilities and Notes on Accounts	26		


(T.S. Balasubramanian)
FA&CAO


(Arun Kumar)
Secretary

DATE : 19 July 2011
PLACE : New Delhi

OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2011

(Rs.in lakh)

	Current Year		Previous Year	
SCHEDULE 1 – CORPUS / CAPITAL FUND :				
Balance as at the beginning of the year		90240		90240
Add: Contributions towards Corpus / Capital Fund	-		-	
Add / (Deduct) : Balance of net income / (expenditure) transferred from the Income & Expenditure Account	-		-	
BALANCE AS AT THE YEAR-END		90240		90240

(Rs.in lakh)

	Current Year		Previous Year	
SCHEDULE 2 - RESERVES AND SURPLUS:				
1. Capital Reserve:				
As per last Account	-		-	
Addition during the year	-		-	
Less : Deductions during the year	(-)	-	(-)	
2. Revaluation Reserve:				
As per last Account	-		-	
Addition during the year	-		-	
Less : Deductions during the year	(-)	-	(-)	
3. Special Reserves:				
As per last Account	-		-	
Addition during the year	-		-	
Less : Deductions during the year	(-)	-	(-)	
4. General Reserve:				
As per last Account	894243		859304	
Addition during the year	32983		34721	
Add : Refund of Tax paid in excess of earlier years	0	-	218	
TOTAL:	927226	-	894243	

**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2011**

(Amount – Rs.in lakh)

SCHEDULE 3 – EARMARKED / ENDOWMENT FUNDS	FUND-WISE BREAK UP					TOTALS	
	Fund	Fund	Fund	Fund	Fund	Current Year	Previous Year
a) Opening balance of the funds							
b) Additions to the Funds:							
(i) Donations / grants							
(ii) Income from Investments made on account of funds							
(iii) Other additions (specify nature)							
TOTAL (a+b)							
c) Utilisation / Expenditure towards objectives of funds							
(i) Capital Expenditure							
- Fixed Assets							
- Others							
Total:							
(ii) Revenue Expenditure							
- Salaries, Wages and allowances etc.							
- Rent							
- Other Administrative expenses							
Total:							
TOTAL (c)	-	-	-	-	-	-	-
NET BALANCE AS AT THE YEAR- END (a + b - c)	-	-	-	-	-	-	-

OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET FOR THE YEAR ENDED
31.03.2011

(Amount – Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 4 – SECURED LOANS AND BORROWINGS:		
1. Central Government		
2. State Government (Specify)		
3. Financial Institutions		
a) Term Loans		
b) Interest accrued and due		
4. Banks:	NIL	
a) Term Loans		
- Interest accrued and due		
b) Other Loans (specify)		
- Interest accrued and due		
5. Other Institutions and Agencies		
6. Debentures and Bonds		
Others (Specify)		
TOTAL:		

Note: Amounts due within one year.

**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2011**

(Amount – Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 5 – UNSECURED LOANS AND BORROWINGS:		
1. Central Government		
2. State Government (Specify)		
3. Financial Institutions		
4. Banks:		
a) Term Loans		
b) Other Loans (specify)		
5. Other Institutions and Agencies		
6. Debentures and Bonds		
7. Fixed Deposit		
8. Others (Specify)		
TOTAL:		

NIL

Note: Amounts due within one year.

(Amount – Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 6 – DEFERRED CREDIT LIABILITIES		
a) Acceptance secured by hypothecation of capital equipment and other assets.		
b) Others		
TOTAL		

NIL

Note: Amounts due within one year.

**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2011**

(Amount – Rs.in lakh)

	Current Year		Previous Year	
SCHEDULE 7 – CURRENT LIABILITIES AND PROVISIONS				
A. CURRENT LIABILITIES				
1. Acceptances		-		-
2. Sundry Creditors:				
a) For Goods	-		-	
b) Others	-	-	-	-
3. Advances Received		-		-
4. Interest accrued but not due on:				
a) Secured Loans / borrowings	-		-	
b) Unsecured Loans / borrowings	-		-	
5. Statutory Liabilities:				
a) Overdue	-		-	
b) Others	-		-	
6. Other current liabilities				
a) Royalty payable to State Government(s) & others	10508		6611	
b) I.Tax/TDS/Works Contract Tax payable	23		215	
c) payment due to Contractors	62		264	
d) Others	141		250	
e) Security Deposits including EMD	129		120	
f) Amount withheld incl. labour Cess (due to contractors)	240	11103	200	7660
TOTAL (A) :		11103		7660
B. PROVISIONS				
1. For Taxation		49242		34484
2. Gratuity		0		0
3. Superannuation / Pension		0		0
4. Accumulated Leave Encashment		63		63
5. Trade Warranties / Claims		-		-
6. Others -Provision for Auditors Remuneration		2		0
TOTAL (B) :		49307		34547
TOTAL (A + B) :		60410		42207

OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2011

(Amount – Rs.in lakh)

DESCRIPTION	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	Cost Valuation As at beginning of the year 01.04.10	Additions during the year	Deductions during the year	Cost/Valuation at the year end 31.03.11	As at the beginning of the year 01.04.10	Additions during the year	Deductions during the year	Total up to the year-end 31.03.11	As the Current year-end 31.03.11	As at the Previous year-end 31.03.10
A. FIXED ASSETS										
1. LAND:										
a) Freehold	0	0	0	0	0	0	0	0	0	0
b) Leasehold	1915	0	0	1915	0	0	0	0	1915	1915
2. BUILDING:										
a) On Freehold Land	0	0	0	0	0	0	0	0	0	0
b) On Leasehold Land	0	0	0	0	0	0	0	0	0	0
c) Ownership Flats / Premises	0	0	0	0	0	0	0	0	0	0
d) Superstructures on Land not belonging to the entity	32	0	0	32	14	1	0	15	17	18
3. PLANT MACHINERY & EQUIPMENT	0	0	0	0	0	0	0	0	0	0
4. VEHICLES	12	0	0	12	8	1	0	9	3	4
5. FURNITURE, FIXTURES	21	0	0	21	19	0	0	19	2	2
6. OFFICE EQUIPMENT	41	2	0	43	31	2	0	33	10	10
7. COMPUTER / PERIPHERALS	35	7	0	42	28	6	0	34	8	7
8. ELECTRIC INSTALLATIONS	0	0	0	0	0	0	0	0	0	0
9. LIBRARY BOOKS	0	0	0	0	0	0	0	0	0	0
10. TUBEWELLS & WATER SUPPLY	0	0	0	0	0	0	0	0	0	0
11. OTHER FIXED ASSETS	0	0	0	0	0	0	0	0	0	0
TOTAL OF CURRENT YEAR:	2056	9	0	2065	100	10	0	110	1955	1956
PREVIOUS YEAR:	2022	61	27	2056	119	6	25	100	1956	1903
B. CAPITAL WORK-IN-PROGRESS:	12492	1494	0	13986	0	0	0	0	13986	12492

OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2011

(Amount – Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 9 – INVESTMENTS FROM EARMARKED/ ENDOWMENT FUNDS		
1. In Government Securities		
2. Other approved Securities		
3. Shares		
4. Debentures and Bonds		
5. Subsidiaries and Joint Ventures		
6. Others (to be Specified)		
TOTAL:	-	-

(Amount – Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 10 – INVESTMENTS – OTHERS		
1. In Government Securities	-	-
2. Other approved Securities	-	-
3. Shares Biecco Lawrie Limited	- 1758	- 1758
4. Debentures and Bonds	-	-
5. Subsidiaries and Joint Ventures ISPRL	- 34124	- 34124
6. Others (to be Specified)	-	-
TOTAL:	35882	35882

OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2011

(Amount – Rs.in lakh)

	Current Year		Previous Year	
SCHEDULE 11 – CURRENT ASSETS LOANS, ADVANCES ETC.				
A. CURRENT ASSETS				
1. Inventories				
a) Stores and Spares	-		-	
b) Loose Tools	-		-	
c) Stock-in-trade				
Finished Goods	-		-	
Work-in-progress	-		-	
Raw Materials	-		-	
2. Sundry Debtors:				
a) Debts Outstanding for a period exceeding six months	-		-	
b) Others	-	-	-	-
3. Cash balances in hand (including cheques / drafts and imprest)		1		1
4. Bank Balances:				
a) With Scheduled Banks:				
- On Current Accounts	-		-	
- On Deposit Accounts	0		0	
- On Saving Accounts	2602	2602	9640	9640
b) With Non-Scheduled Banks:				
- On Current Accounts	-		-	
- On Deposit Accounts	-		-	
- On Savings Accounts	-	-	-	-
5. Post Office - Savings Accounts		-		-
TOTAL (A) :		2603		9641

(Amount – Rs.in lakh)

	Current Year		Previous Year	
B. LOANS, ADVANCES AND OTHER ASSETS				
1. Loans:				
a) Staff	53		30	
b) Oil PSUs (Annexure-II)	889031		893108	
c) Others(specify)	-	889084	-	893138
2. Advances and other amounts recoverable in cash or in kind or for value to be received				
a) On Capital Account (Advance against equity in ISPRL & Mobilization Advance	62076		17857	
b) Advance Rent	23		-	
c) Others (including Advance Tax, TDS, MM Cell, security Deposits & Advance to CHT for projects)	52082	114181	37451	55308
3. Income Accrued:				
a) On investments from Earmarked / Endowment Funds	-		-	
b) On Investments - Others	3		3	
c) On Loans and Advances - Less: provision for doubtful debts (made in earlier years)	2720 2714		2717 2714	
d) Others	47	56	0	6
4. Claims Receivable				
(i) Tax Paid Under Protest	20123		18261	
(ii) Accounts Recievable	6	20129	6	18267
TOTAL (B) :		1023450		966719
TOTAL (A + B) :		1026053		976360

**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31.03.2011**

(Amount – Rs.in lakh)

	Current Year	Previous Year	
SCHEDULE 12 – INCOME FROM SALES/SERVICES			
1. Income from Sales a) Sales of Finished Goods b) Sale of Raw Material c) Sale of Scraps	NIL		
2. Income from Services a) Labour and Processing Charges b) Professional / Consultancy Services c) Agency Commission and Brokerage d) Maintenance Services (Equipment / Property) e) Others (Specify)			
TOTAL :			

(Amount – Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 13 – GRANTS / SUBSIDIES (Irrevocable Grants & Subsidies Received)		
1) Central Government 2) State Government(s) 3) Government Agencies 4) Institutions / Welfare Bodies 5) International Organization 6) Others (Specify)	NIL	
TOTAL :		

**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31.03.2011**

(Amount – Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 14 – FEES / SUBSCRIPTIONS		
1. Entrance Fees	NIL	
2. Annual Fees / Subscriptions		
3. Seminar / Program Fees		
4. Consultancy Fees		
5. Others (Specify)		
TOTAL :		

	Investment from Earmarked Fund		Investment – Others	
	Current Year	Previous Year	Current Year	Previous Year
SCHEDULE 15 – INCOME FROM INVESTMENTS (Income on Investment from Earmarked / Endowment Funds)				
1. Interest	NIL			
a) On Govt. Securities				
b) Other Bonds / Debentures				
2. Dividends:				
a) On Shares				
b) On Mutual Fund Securities				
3. Rents				
4. Others - Capital gain on sale of NRL's Equity				
TOTAL :				
TRANSFERRED TO EARMARKED / ENDOWMENT FUNDS				

OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31.03.2011

(Amount – Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 16 – INCOME FROM ROYALTY, PUBLICATION, SALE OF DATA BY DGH ETC.		
1. Income from Royalty	1	1
2. Income from Publications	-	-
3. Others – Sale of data by DGH	1399	2173
- Receipt from IOC (R&D)	1850	0
TOTAL :	3250	2174
	Current Year	Previous Year
SCHEDULE 17 –INTEREST EARNED		
1. On Term Deposits :		
a) With Scheduled Banks (FDRs)	226	-
b) With Non-Scheduled Banks	-	-
c) With Institutions	-	-
d) Others	-	-
2. On Savings Accounts:		
a) With Scheduled Banks	289	72
b) With Non-Scheduled Banks	-	-
c) Post Office Savings Accounts	-	-
d) Others	-	-
3. On Loans:		
a) Employees / Staff	2	1
b) Oil Companies	66940	68775
4. Interest on Debtors and Other Receivables		
a) Interest on Mobilisation Advance	1	10
b) Interest on Income Tax Refund	0	2184
TOTAL:	67458	71042
Note - Tax deducted at source.	6714	9674

**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31.03.2011**

(Amount – Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 18 – OTHER INCOME		
1. Profit on Sales / Disposal of Assets:		
a) Owned assets	-	-
b) Assets acquired out of grants, or received free of cost		-
2. Exports Incentives realised	-	-
3. Fees for Miscellaneous	-	
4. Miscellaneous Income	2	23
TOTAL:	2	23
	Current Year	Previous Year
SCHEDULE 19 - INCREASE / (DECREASE) IN STOCK OF FINISHED GOODS & WORK IN PROGRESS		
a) Closing Stock		
- Finished Goods	NIL	NIL
- Work-in-progress		
b) Less: Opening Stock		
- Finished Goods		
- Work-in-progress		
NET INCREASE (DECREASE) (a+b)	-	-
	Current Year	Previous Year
SCHEDULE 20 - ESTABLISHMENT EXPENSES		
a) Salaries and Wages	122	133
b) Allowances and Bonus	33	29
c) Contribution to Provident Fund	0	0
d) Contribution to OIDB Employees Group Gratuity and Pension Funds.	22	49
e) Staff Welfare Expenses including medical expenses	11	9
f) Expenses on Employees' Retirement and Terminal Benefits	2	18
d) Others(Includes Contract Cell)	127	120
TOTAL:	317	358

OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31.03.2011

(Amount – Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 21 – OTHER ADMINISTRATIVE EXPENSES ETC.		
a) Purchases	0	0
b) Labour and processing expenses	0	0
c) Cartage and Carriage Inwards	0	0
d) Electricity and power	120	1
e) Water Charges	3	2
f) Insurance	3	1
g) Repairs and maintenace	25	7
h) Excise Duty	0	0
i) Rent, Rates and Taxes	104	39
j) Vehicles Running and Maintenance	5	4
k) Postage, Telephone and Communication Charges	3	5
l) Printing and Stationery	9	7
m) Misc. expenses	5	8
n) Expenses on Seminar / Workshops	0	2
o) Subscription Expenses	0	0
p) Expenses on Fees	0	0
q) Auditors Remuneration	2	1
r) Hospitality Expenses	1	2
s) Professional Charges	8	9
t) Provision for Bad and Doubtful Debts / Advances	0	0
u) Irrecoverable Balances Written-off	0	0
v) Packing Charges	0	0
w) Freight and Forwarding Expenses	0	0
x) Distribution Expenses	0	0
y) Advertisement and Publicity	0	2
z) Others	91	0
TOTAL:	379	90

**OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31.03.2011**

(Amount – Rs.in lakh)

	Current Year	Previous Year
SCHEDULE 22 – EXPENDITURE ON GRANTS, SUBSIDIES ETC.		
a) Grants given to Institutions / Organizations(Annex-III -a)	11289	14569
b) Assistance for Govt./ OIDB sponsored Schemes & Projects (Annex-III-b)	1588	594
TOTAL:	12877	15163
Note - Name of the Entities along with the amount of Grants / Subsidies are disclosed in Annexure- III (a) & (b).		
	Current Year	Previous Year
SCHEDULE 23 - INTEREST PAID		
a) On Fixed Loans	0	0
b) On Other Loans (including Bank Charges)	0	0
c) Others	0	0
Total	0	0
	Current Year	Previous Year
SCHEDULE 24- PAYMENT OF ROYALTY TO STATE GOVERNMENTS		
Govt. of Arunachal Pradesh	4198	2283
Govt. of Gujarat	2964	5158
Govt. of Assam	2224	0
Total	9386	7441

OIL INDUSTRY DEVELOPMENT BOARD

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED March 2011

SCHEDULE 25 – SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING CONVENTION

The financial statements are prepared on the basis of accrual method except for the grant in aid that are deemed to be incurred in the year in which they are paid and accordingly charged to revenue.

2. INVESTMENTS

Long-term Investments are carried at cost. Provision for decline, other than temporary, is made in carrying cost of such investments.

3. FIXED ASSETS

Fixed Assets are stated at cost of acquisition inclusive of duties and taxes and incidental and direct expenses related to acquisition. In respect of projects involving construction, related pre-operational expenses form part of the value of the assets capitalized.

4. DEPRECIATION

4.1 Depreciation is provided on Written down value method as per rates specified in the Income Tax Act, 1961. In respect of additions to / deductions from fixed assets during the year, depreciation is considered as per Income tax Rules. Assets costing Rs.5,000/- or less each are fully provided.

5. GOVERNMENT GRANTS / SUBSIDIES

Grants are accounted on cash basis except for the Royalty payable to the various States Government(s)/Operators, which is paid as per directions of Government.

6. INCOME

Interest and other income are accrued in the case of performing assets on due basis and in case of non-performing assets, on realization basis. Performing assets are those on which the income that became due is not unpaid for more than 90 days.

7. FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currency are accounted at the exchange rate prevailing at the date of the transaction.

8. LEASE

Lease rentals are expensed with reference to lease terms.

9. RETIREMENT BENEFITS

9.1 OIDB has established two trusts namely “OIDB employees Group Gratuity Scheme” & “OIDB employee’s superannuation Scheme” covering the liability of OIDB towards its existing employees for the past service rendered. The funding to the schemes is being made through the trusts as per the actuarial valuation.

9.2 Provision for accumulated leave encashment benefit to the employees is accrued and computed on the assumption that employees are entitled to receive the benefit as at each year end.

OIL INDUSTRY DEVELOPMENT BOARD
SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE PERIOD ENDED March 2011

SCHEDULE 26 – CONTINGENT LIABILITIES & NOTES ON ACCOUNTS

1. Contingent liabilities

- (i) Claims of various parties amounting to Rs.694 lakh (PY Rs.36 lakh) relating to construction activities of OIDB Bhavan have not been considered and provided for.
- (ii) Appeal against demand of Rs.30.10 lakh (previous year Nil) on account of TDS for AY 2008-09 is pending with Commissioner of Income tax (Appeals).

2. COMMITMENTS

Capital

- A) Estimated value of Contracts remaining to be executed on capital account and not provided for Rs.1607 lakh (PY Rs.3347 lakh).
- B) (i) Rs.276300 lakh is the revised estimated cost (previous estimated cost or construction of “Strategic Crude Oil Storages” by Indian Strategic Petroleum Reserves Ltd (ISPRL, a wholly owned subsidiary of OIDB). As per the directions of the Government, the entire cost of the project is to be funded by OIDB. The project is expected to be completed by March 2013.
- (ii) OIDB has invested Rs. 96200 lakh (Previous Year Rs. 51981 lakh) to M/s Indian Strategic Petroleum Reserves Limited (ISPRL) for investment in the equity of the company up to end of March 2011. Company has already allotted and issued share certificates to the extent of Rs.34124 Lakh. The remaining amount of Rs.62076 lakh is pending for allotment of shares as on 31.03.2011.

3. CAPITAL COST OF OIDB BHAVAN.

As the construction activities of OIDB Bhavan were still at completion stage, no capitalization was made during the year. Capital work in progress -Rs.13979 lakh has been arrived at after taking into account Rs.23.68 lakh recovered from various contractors for delay and deficiencies etc as per the contractual provisions.

4. CURRENT ASSETS, LOANS & ADVANCES

- a) In the opinion of the Management, the current assets, loans and advances have a value on realization in the ordinary course of business, equal at least to the aggregate amount shown in the Balance Sheet except for the investment in Biecco Lawrie Limited (Equity Rs.17.58 crore, Loan Rs.32.76 crore and interest on loan). The Government vide MOPNG's letter no.P-25011/4/2005-Mkt (part) dated 4th May 2011, has conveyed the approval of the Cabinet Committee on Economic Affairs (CCEA) to the recommendations of the Board for Reconstruction of Public Sector Enterprises (BRPSE) for strengthening, Modernizing, Reviving and Restructuring of Biecco Lawrie Limited. The directions inter-alia provides to:
- i) Increase the existing capital of the M/s Biecco Lawrie Ltd (Company) from Rs.42 crore to Rs.74.76 crore by conversion of existing OIDB Loan of Rs.32.76 crore into equity of the Company
- ii) Reduction of equity capital from Rs.74.76 crore to Rs.15.16 crore by setting off accumulated losses of the Company to the extent of Rs.59.60 crore.

Action for implementation of the directions in accordance with the provisions of the Companies Act, 1956 have been initiated by the Company. **The diminution in the present investment and loan and interest thereon is anticipated by OIDB. The quantum of loss is however not ascertainable at this stage.** The exact loss to OIDB on this account shall crystallize during the year 2011-12 and same shall be considered and booked by OIDB after approval of the OID Board.

- b) Income includes Rs.1399 lakh as sale of Data by DGH and Rs.1850 lakh received from IOCL towards proportionate cost of the NGHP Expedition-1 Programme.
- c) Rs.2446 lakh from Canfina and Rs.268 lakh from Bieeco Lawrie towards interest recoverable on loans and advances. Canfina has agreed to pay OIDB the net realized value of the securities purchased in the name of OIDB as and when realized which are under litigation. As and when the securities are realized the amount so received will be adjusted against the recoverable interest. As the recovery of these amounts remains doubtful, the same has been already provided in the accounts as 'doubtful debt' earlier.
- d) Recoverable Advances include Rs.509 lakh (previous year Rs.993 lakh) from CHT, Rs.2 lakh from Contractors and Rs.3 lakh from ISPRL also.

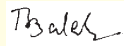
5. TAXATION

- (a) As OIDB is a tax paying entity under Income – tax Act 1961, provision for Income tax has been considered necessary. The attached Profit & Loss Account (**Annexure-I**) has been prepared for arriving at the amount of income tax payable to Income Tax Department after being notified as an eligible institute for deduction under Section 36(1) (xii) of Income Tax Act.
 - (b) The Income tax Appellate Tribunal (ITAT) in its order dated 31st March 2009 for Assessment year 2003-04 and 2004-05 had accepted the contention of OIDB and allowed the grant in aid as revenue expenditure. In line with the ITAT order dated 31st March 2009, appeals are pending before CIT (A) for the Assessment year 2005-06, 2006-07 and 2007-08 for allowing the grant in aid as revenue expenditure. An amount of Rs.18261 lakh is refundable on this account from the Income tax authorities. Also, appeal (AY 2008-09) is pending for deletions of additions made by Assessing officer involving tax of Rs.1862 lakh.
6. As per directions of the Government payments to State Governments/Operators towards royalty is to be borne by OIDB. This expenditure is treated as expenditure of OIDB.

Accordingly, during the year OIDB has reimbursed on the directions of the Ministry Rs. 5489 Lakh (PY Rs.7441 lakh) have been reimbursed to the State Governments relating to past period. Based on the estimations a further provision of Rs.7890 lakh has been made for Royalty payments relating to the period upto end of 2010-11

7. Claims of grant/ expenditure towards payment on Government schemes amounting to Rs.85 lakh (previous year Rs.45 lakh) were pending for reimbursement by OIDB for want of clarifications from the concerned institutes/authorities at the end of March 2011.
8. Proportionate cost of transport, telephone, internet, Facility Management, Electricity and diesel charges as incurred by OIDB during the year have been debited to the ISPRL. As the OIDB Bhawan was still under construction stage at the end of the year, no charges have been considered on account of Rent receivable from ISPRL.
9. On the directions of the Government, a separate Corpus Fund named “Hydrogen Corpus Fund” (HCF) with participation from various Oil & Gas PSUs has been established for carrying out hydrogen related R&D activities. The fund is being maintained by the OIDB separately. Out of Rs.40 crore earmarked as contribution of OIDB to the Corpus, Rs.20 crore has been contributed by OIDB till date.
10. (i) In terms of the provisions of the AS-15, issued by the ICAI for creation of Superannuation and Gratuity Fund for retirement benefits of its existing employees, the Board has created two separate trusts Viz. ‘OIDB Employees Superannuation Scheme’ and “OIDB employees Gratuity Scheme”
 - (ii) Liability towards Gratuity and Superannuation as on 31.03.2011 has been provided for fully for the serving employees on the basis of actuarial valuation done by LIC of India.
 - (iii) OIDB has applied for the exemption of income tax department under Part ‘B’ and part ‘C’ of the fourth schedule of Income Tax Act, 1961 for its contribution to the “OIDB employees Gratuity Scheme” and “OIDB employees Superannuation Scheme”, respectively. Same is awaited.

- 11 Accounting standards as issued by the Institute of Chartered Accountants of India have been followed, wherever applicable.
12. Schedules 1 to 26 are annexed and form an integral part of the Income & Expenditure Account & Balance Sheet as at 31st March 2011.
13. Figures in Balance sheet, Income & Expenditure account, Profit & Loss Account and Schedules have been rounded off to nearest lakh of Rupees. Corresponding figures for the previous years have been regrouped /rearranged wherever necessary.



(T.S. Balasubramanian)
FA&CAO



(Arun Kumar)
Secretary


Date : 19 July 2011

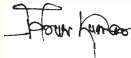
Place : New Delhi

Annexure-I
(Ref.Schedule 26, note no.5 (a))

OIL INDUSTRY DEVELOPMENT BOARD
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

Particulars	Sch No.	2010-11	2009-10
Income			
Interest Income	17	67458	71042
Income from Investment	15	0	0
Gain on sale of equity	15	0	0
Other income	16 & 18	3252	2197
Total		70710	73239
Expenditure			
Expenses on direct operation	22 & 24	22263	22604
Salaries and amenities to staff	20	317	358
Administrative expenses	21	379	90
Depreciation on Fixed Assets	8	10	6
Fringe Benefit Tax		0	0
Total		22969	23058
Profit for the year		47741	50181
Profit before tax		47741	50181
Less : Provision for taxation		14758	15460
Net Profit after tax carried to balance sheet		32983	34721
Significant Accounting Policies & Notes on Accounts	25 & 26		


(T.S. Balasubramanian)
FA&CAO


(Arun Kumar)
Secretary

DATE : 19 July 2011
PLACE : New Delhi

Annexure-II
(Refer Schedule-11 (B))

Details of outstanding balance of loan as on 31st March,2011 from Oil PSUs

(Rs. In lakh)

S.No.	Name of the Company	Opening Balance as on 01.04.2010	Loan Disbursed during 2010-11	Loan repaid during 2010-11	Closing balance As on 31.03.2011
1	OIL	3750	0	1625	2125
2	GAIL	50038	48400	3438	95000
3	IOCL / BRPL	604922	10500	102937	512485
4	BPCL / KRL	92137	7700	12662	87175
5	HPCL	54800	30000	9625	75175
6	CPCL	71709	0	10321	61388
7	NRL	3989	6500	798	9691
8	BCPL	0	28300	0	28300
9	DNP Ltd.	8100	0	1125	6975
10	Biecco Lawrie	3276	0	0	3276
11	BLFC of BL	387	0	387	0
12	GAIL Gas Ltd.	0	7441	0	7441
	Total	893108	138841	142918	889031

Annexure-III (a)
(Reference Schedule-22)

Statement Showing payments of grants during 2010-11

(Rs. in lakh)

Sl. No.	Name of the Institutes	2010-11	2009-10
A.	Regular Grantee Institutes		
1	Directorate General of Hydrocarbons	5135	5867
2	Petroleum Conservation Research Association	1858	6070
3	Centre for High Technology	1198	718
4	Petroleum Planning & Analysis Cell	1095	965
5	Oil Industry Safety Directorate	820	640
	Total (A)	10106	14260
B.	R & D Grants		
6	Oil & Natural Gas Corporation Limited	29	144
7	Oil India Limited	0	0
8	Indian Institute of Technology, Mumbai	180	0
9	National Geophysical Research Institute, Hyderabad	305	0
10	IIP, Dehradun	56	10
11	Delta Studies Institute, Andhra University	0	0
12	Govt. of Rajasthan, Deptt. Of Petroleum	0	0
13	NEIST (RRL), Jorhat	11	5
14	Bharathidasan University	50	50
15	Central Institute of Plastics Engineering and Technology	275	0
16	Indian Oil Corporation Limited	277	100
	Total (B)	1183	309
	Total (A+B)	11289	14569

Annexure-III (b)
(Reference Schedule-22)

Expenditure on Schemes / Projects sponsored by Govt. of India/OIDB during 2010-11

(Rs. In Lakh)

		2010-11	2009-10
1	Hydrogen Corpus Fund	1000	0
2	Jan Kerosene Pariyojana	0	68
3	Raiv Gandhi Institute of Petroleum Technology, Rai Bareli	75	345
4	Raiv Gandhi Institute of Petroleum Technology, Assam	293	100
5	Economics Analy is for SPR by TERI	0	13
6	Pre-Feasibility Study by EIL	220	26
7	Project Expense (SS of Natural Gas)	0	42
	Total (C)	1588	594



CHAPTER - VI

AUDIT REPORT OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA

ANNUAL REPORT 2010-2011

**AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON
THE ACCOUNTS OF OIL INDUSTRY DEVELOPMENT BOARD FOR THE YEAR
ENDED 31 MARCH 2011.**

We have audited the attached Balance Sheet of the **Oil Industry Development Board (OIDB)** as at 31 March 2011 and the Income and Expenditure Account for the year ended on that date under Section 19(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 read with Section 20(2) of the Oil Industry (Development) Act, 1974 (OID Act, 1974). These financial statements are the responsibility of the Management of OIDB. Our responsibility is to express an opinion on these financial statements based on our audit.


2. We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

3. Based on our audit, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of accounts and other relevant records have been maintained by OIDB in so far as it appears from our examination of such books except that:

Observation of Audit	Replies of OIDB
<p>Balance Sheet</p> <p>Investments (Schedule-10) Others:RS.358.82 crore</p> <p>Current Assets Loans and Advances: Rs.102,34.50 crore</p> <p>(a) This includes Rs.17.58 crore, being the value of investment in equity share of Bienco Lawrie Limited (BLL). BLL is a loss making company with accumulated</p>	

Observation of Audit	Replies of OIDB
<p>losses of Rs.44.86 crore as on 31 March 2011 which had exceeded its Capital Funds and Reserve Funds, leading to negative net worth.</p> <p>(b) Further, the Government of India decided (May 2011) to (i) convert existing loan of Rs.32.76 crore from OIDB to BLL into equity to enhance the equity in BLL's share capital from existing Rs.42 crore to Rs.74.76 crore and then (ii) to reduce equity capital of BLL from Rs.74.76 crore to Rs.15.16 crore by setting off accumulated losses to the extent of Rs.59.60 crore.</p> <p>As such, as per Accounting Standard 13, diminution in the value of the Investment of Rs.17.58 crore, being other than temporary, should have been provided for. Similarly, considering irrecoverability of Loans and Advances of Rs.32.76 crore from BLL, OIDB should have reviewed the Loans and Advances for making suitable provision.</p> <p>However, as estimated by Audit, the provision for diminution in the value of Investments and irrecoverability of the Loan works out to Rs.14.02 crore and Rs.26.12 crore, respectively.</p> <p>Contingent Liabilities</p> <p>Schedule-26 (a) Claims of Various Parties: Rs.6.94 crore</p>	<p>The decision of the Cabinet Committee on Economic Affairs (CCEA) relating to the rehabilitation of the BLL has been conveyed to OIDB in May 2011. The compliance is to be made by BLL for implementation. As on date, only conversion of the outstanding loan of Rs.32.76 crore into equity of the company has been approved by the shareholders of BLL.. Further, the reduction of equity capital by BLL from Rs.74.76 crore to Rs.15.16 crore by setting off accumulated losses to the extent of Rs.59.60 crore is yet to be implemented as per provisions of the Company Act 1956. The exact diminution in OIDB's investment in BLL cannot be determined at present since the financial health of the company has improved and the cumulative loss of the company is less than Rs.59.60 crore.</p> <p>The exact diminution is not assessable at present, as such adequate disclosure has been made in Schedule no 26 in note no.4</p> <p>The liability of OIDB is limited to the value of work order and work done by the Contractor. In the instant case the contingent liability is</p>

Observation of Audit	Replies of OIDB
<p>Against a claim of Rs.1.80 crore pending adjudication before an Arbitrator, OIDB has disclosed a contingent liabilities of only Rs.0.51 crore resulting in understatement of contingent liability to the extent of Rs.1.29 crore.</p>	<p>limited to the value of work done vis a vis payment released and the penalty imposed by OIDB as per contractual provisions.</p> <p>As against contractors Claim of Rs.1.80 crore before Arbitrator, OIDB has submitted a counter claim for Rs.3.80 core which is pending for decision.</p>
<p>(iii) Subject to our observations in the preceding paragraphs, we report that the Balance Sheet and Income and Expenditure Account dealt with by this report are properly drawn up and are in agreement with the books of accounts.</p> <p>(iv) Attention is also drawn to the significant matters stated in Annexure to this Report.</p> <p>(v) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies and Notes thereon, and subject to the observations stated in paragraph 3(ii) above, give a true and fair view in conformity with accounting principles generally accepted in India;</p> <p>(a) In so far as it relates to the Balance Sheet, of the state of affairs of OIDB as at 31 March 2011.</p> <p>(b) In so far as it relates to the Income and Expenditure Account, of the excess of income over expenditure transferred to Corpus/Capital Fund for the year ended on that date.</p> <p style="text-align: right;">For and on the behalf of the Comptroller and Auditor General of India</p> <p style="text-align: right;"> Archana P. Shirsat Principal Director of Commercial Audit and <i>ex-officio</i> Member, Audit Board II, Mumbai</p> <p>Place: Mumbai Date: 21 November 2011</p>	

Observation of Audit	Replies of OIDB
<p>1. Internal Audit System</p> <p>Internal Audit of the Oil Industry Development Board (OIDB) has been outsourced to external Chartered Accountants firms. However, the scope of Internal Auditors does not include providing of any formal assurance on adequacy and effectiveness of internal control over financial reporting.</p>	<p>Noted for future reporting by Internal Auditors. The scope of Internal Audit shall henceforth, include providing for assurance on adequacy of Internal control over financial reporting.</p>
<p>2. Internal Control System</p> <p>a) Internal control system needs to be strengthened by OIDB for better assurance in respect of physical progress of the works undertaken and existence of assets reported to have been created by the grantee organizations out of the grants released by OIDB.</p> <p>b) OIDB needs to improve its monitoring of utilization certificates and ensuring refund of balance money, if any, in terms of Rule 212 of the General Financial Rules in respect of Institutions/agencies who had not rendered the utilisation certificates and 'Achievement-cum-Performance Report(s)' for the grants received by them from OIDB.</p>	<p>Necessary steps for compiling an inventory of the assets created by Grantee institutions shall be ensured through concerned institutes. OIDB shall also carry out the test check during inspection.</p> <p>Noted for future compliance</p>
<p>3. Grant-in-aid for Research & Development activities</p> <p>Section 6 of Oil Industry (Development) Act 1974, <i>inter-alia</i>, provides that the Board may render assistance for scientific, technological, economic research which</p>	<p>Factual</p>

Observation of Audit	Replies of OIDB
<p>could be directly or indirectly useful to oil industry.</p> <p>However Audit observed that:</p> <p>(i) Grants released by OIDB, over the last three years, to bodies functioning under the Ministry of Petroleum and Natural Gas (MOPNG) to enable them to meet their regular expenditure constituted 94 <i>per cent</i> of the total grants disbursed by OIDB during this period. Grants released for R&D activities to other institutions over the same period were 6 <i>per cent</i>.</p> <p>(ii) <i>The current financial arrangement of providing recurring grants to the bodies viz. Directorate General of Hydrocarbons, Petroleum Conservation Research Association, Centre for High Technology, Oil Industry Safety Directorate and Petroleum Planning and Analysis Cell on recurring basis to enable them to meet their regular expenditure results in opaqueness and subversion of Parliamentary budgetary control and consequently keeps them out of the purview of government audit. Further, funding of the two directorates viz. DGH and OISD by way of grants out of OID Fund is an unusual feature, which needs to be addressed urgently by the Ministry.</i></p>	<p>The regular grantee institutions of OIDB are also carrying out R&D activities in upstream and downstream areas of P&NG. The Grant in aid provided by OIDB is utilised by these organisations on R&D, besides salaries and allowances of the personnel deployed in these organisations.</p> <p>In terms of section 22 and 24 of the OID Act, 1974, the grants are released by OIDB to the regular grantee institutions with the approval of the Central Government.</p> <p>No comments</p> <p>The observation about funding of two directorates by OIDB shall be referred to the Ministry for further guidance</p>
<p>4. <i>Financial interests of OIDB were not protected as required under Section 7(2) of OID Act, 1974 as:</i></p> <p>(i) <i>Loans were granted to a company viz.</i></p>	

Observation of Audit	Replies of OIDB
<p><i>Biecco Lawrie Limited (BLL) despite long overdue loans against BLL and bleak prospects of recovery from it and ;</i></p> <p><i>(ii) Despite negative net worth of BLL, the MOPNG decided (May 2011) to:</i></p> <p><i>(a) Convert OIDB's existing loan of Rs.32.76 crore to BLL into equity of the latter to increase its equity from Rs.42 crore to Rs.74.76 crore; and</i></p> <p><i>(b) Subsequently, reduce equity of BLL to Rs.15.16 crore to wipe out accumulated losses of BLL.</i></p>	<p>As per Section 22 of the OID Act, 1974, the board is required to follow the directions of the Central Government. In the instant case the directions of the Central Government are being complied for all such transactions by OIDB.</p>
<p>5. Non- allotment of Funds to OIDB by the Government of India out of the excise duty collected under the provisions of OID Act, 1974</p> <p>OIDB was established for the development of oil industry. For that purpose duty of excise on crude oil and for matters connected therewith has been levied and being collected by the Central Government in terms of Section 15 of the OID Act, 1974.</p> <p>As per Section 16 of the Act, the Central Government may, if Parliament by appropriation made by law in this behalf, so provides, pay to OIDB from time to time, from out of such proceeds, after deducting the expenses of collection, such sums of money as it may think fit for being utilized exclusively for the purpose of the OID Act, 1974.</p> <p>However, Audit observed that though the Central Government has been increasing</p>	<p>Rs 95320.30 crore is the net cess collection upto March 2011</p>

Observation of Audit	Replies of OIDB
<p>the rate of excise duty from time to time and had collected a substantial amount of Rs.95,371.37 crore till 31 March 2011 as excise duty under the Act, the Government remitted only Rs.902.40 crore (merely 0.94 per cent of the aggregate amount of collection) to OIDB till 1991-92 and did not remit any fund to OIDB thereafter. This is not in conformity with the objective of establishment of OIDB and levy of the excise duty under the provisions of the OID Act, 1974.</p>	<p>Factual</p> <p>OID Act provides for utilisation of funds for development of oil industry. Govt may develop oil Industry either directly or through OIDB.</p>
<p>6. Physical Verification of Fixed Assets</p> <p>Physical verification of assets with reference to books (Fixed Assets Register) is being conducted on perpetual basis; however, no report was being prepared on the ground that no discrepancies were identified during physical verification.</p>	<p>Factual position, however, in future regular reports shall be generated for record purpose.</p>
<p>7. Regularity in payment of Statutory Dues</p> <p>As informed and reported to Audit by OIDB, all taxes and statutory dues were paid in time by OIDB.</p>	<p>No further comments</p>
<p>8. Adequacy of IT systems</p> <p>OIDB deals with loans and grants for which software has been installed.</p>	<p>A new user friendly software system is likely to be put in place covering all spheres of activities of OIDB in near future.</p>



CHAPTER - VII

INDIAN STRATEGIC PETROLEUM RESERVES LIMITED

(A WHOLLY OWNED SUBSIDIARY OF OI DB)

- A) BOARD OF DIRECTORS**
- B) DIRECTOR REPORT**
- C) AUDITOR REPORT**
- D) COMMENTS OF C&AG OF INDIA**
- E) ANNUAL ACCOUNTS**

ANNUAL REPORT 2010-2011

Board of
Directors

Shri G.C. Chaturvedi	Chairman	(w.e.f. 11 th May 2011)
Shri S. Sundareshan	Chairman	(till 2 nd May 2011)
Shri Sudhir Bhargava	Director	(w.e.f. 19 th May 2010)
Shri Arun Kumar	Director-Incharge	
Shri L. N. Gupta	Director	



CHIEF EXECUTIVE OFFICER

Shri Rajan K. Pillai

COMPANY SECRETARY

Smt. Sudha Venkata Varadhan

STATUTORY AUDITORS

M/s.Rastogi Narain & Co., Chartered Accountants
Flat No. 303, DDA HIG Multi Storey, Block-1,
Rani Jhansi Complex, Desh Bandhu Gupta Road
Paharganj, New Delhi – 110 055

BANKERS

Bank of India, New Delhi Overseas Branch,
Vijaya Building, 17, Barakhamba Road,
New Delhi-110 001

Corporation Bank
M-41, Connaught Circus,
New Delhi-110 001

REGISTERED OFFICE

301, World Trade Centre, 3rd Floor, Babar Road,
New Delhi-110 001

ADMINISTRATIVE OFFICE

OIDB Bhawan, 3rd Floor, Plot No.2, Sector - 73, Noida-201301, U.P.
Phone No: 91-120-2594641 Fax No. 91-120-2594643

Website : www.isprlindia.com

Email : isprl@isprlindia.com

Vishakhapatnam Project Office :

Lovagardens, Behind HSL Fabrication Yard,
Gandhigram Post Visakhapatnam-530 005
Phone : 0891-2574059,
Fax : 0891-2573503

Mangalore Project Office :

Strategic Storage of Crude Oil Project
Chandras Nagar, Permude P.O.,
Mangalore - 574 509
Tel : 0824 - 3006100, Fax : 0824-3006111

Padur Project Office

PO : Padur, Via Kaup, Dist. Udupi - 574 106
Karnataka
Phone : 0820-2576683, Fax : 0820-2576629

Directors' Report

To

The Shareholders,
Indian Strategic Petroleum Reserves Limited

On behalf of the Board of Directors, it is my privilege to present the 7th Annual Report on the working of the Company for the year ended 31st March 2011 together with the audited Statement of Accounts and Auditors' Report thereon.

THE COMPANY

Indian Strategic Petroleum Reserves Limited (ISPRL) was incorporated on 16th June, 2004 as a wholly owned subsidiary of Indian Oil Corporation Limited. Certificate of commencement of business was obtained from Registrar of Companies on 17.03.2006. The entire shareholding of the company was subsequently taken over by Oil Industry Development Board (OIDB) and its nominees on 9th May 2006. As on 31.3.2011 the authorized capital and Issued/subscribed/Paid up capital of the company were Rs. 2,397 crores and 961.99 crores respectively (includes Rs. 442.74 crores pending allotment).

The main objectives of the Company are to own and control its crude oil inventories and to coordinate the release and replacement of its crude oil stock as per the specific instruction of the Government and to carry on the business of storage, handling, treatment, carriage, transport, dispatch, supply, marketresearch, advice, consultancy, service providers, brokers and agents, engineering and civil designers, contractors, wharfingers, warehousesman, producers, dealers of oil and oil products, gas and gas products, petroleum and petroleum products, fuels, spirits, chemicals, liquids of all types and kinds and the compounds, derivatives, mixtures, preparations and products thereof.

PERFORMANCE OVERVIEW

Your Company has been mandated to establish strategic crude oil storage of 5.33 MMT. The locations selected for creating the strategic reserves are Vishakhapatnam (1.33 MMT), Mangalore (1.5 MMT) and Padur (2.5 MMT). The Capital cost for constructing the strategic storage facilities is estimated to be Rs.2763 crores including revised costs of Vishakhapatnam project cost of Rs.1038 crores approved in June 2011 and Mangalore & Padur project costs at September 2005 prices. The project costs of the Mangalore and Padur projects are under revision. OIDB will be funding the entire construction costs. These construction costs exclude the price of crude oil which shall be procured at the prevailing market rates after the respective caverns are ready to be filled in accordance with financing pattern as may be decided by Government.

Your company has taken various initiatives in furtherance of its objectives and the status of the projects are as under:-

1. Vishakhapatnam (Storage Capacity : 1.33 MMT)

Engineers India Limited (EIL) has been appointed as Project Management Consultant (PMC). Out of 68 acres of land required for the project, 38 acres has been taken on lease from Vishakhapatnam Port Trust (VPT) and Memorandum of Understanding (MoU) has been signed for the balance land with Eastern Naval Command. Statutory clearances have been obtained. After supplementary site investigations, to avail the benefits of lower marginal costs for additional capacity, the cavern capacity has been increased to 1.33 MMT and approval accorded by the Government for the same.

The Underground works are being carried out by M/s Hindustan Construction Company. As of March 31st 2011, 18.74 lacs cubic meters of excavation was completed. The above ground works were awarded to M/s IOTIESL on 30.11.2009. As on 31.3.2011, orders for major critical items like crude submersible pumps and seepage water pumps etc. were placed. Materials have started arriving at site and site grading works were in progress. The overall project progress as of 31.3.2011 is 74.1%. The scheduled mechanical completion date for the project is October, 2011 and commissioning date is April, 2012. However, a rock slide incident inside Cavern A has impacted the completion schedule. The repair/restoration works are in progress.

2. Mangalore (Storage Capacity : 1.5 MMT)

EIL has been appointed as the Project Management Consultant. The land identified for Mangalore Cavern falls in the Mangalore SEZ area and 100 acres of land has been acquired from the Mangalore Special Economic Zone Limited (MSEZL). Environmental clearance has been received from MOE&F and Consent for Establishment has also been obtained from the State Pollution Control Board.

The Underground civil works are carried out through Joint Venture of M/s SK Engineering & Construction and Karam Chand Thapar (SKEC-KCT JV). Till 31st March 2011 a total of 3.04 lacs cubic meters. of excavation has been completed out of 22.65 Lacs cubic meters., corresponding to 3.9 kms.of tunneling out of 8.6 kms. of total tunneling. A total of 45 meters. of shafts were completed out of 232.4 meters. planned. For the aboveground works, four bidders were techno-commercially acceptable and their priced bids were opened on 3rd February 2011. Since it was discovered during evaluation that one Indian Bidder had quoted in two currencies, the tender could not be finalized by 31.3.2011. The Mechanical completion shall depend on placement of order for above ground works. The overall project progress as of 31.3.2011 is 33.6%.

Approval of Ministry of Commerce for Mangalore Project as co-developer of Free Trade Warehousing Zone (FTWZ) within MSEZ was received on 12th August 2010.

3. Padur (Storage Capacity : 2.5 MMT)

EIL has been appointed as the Project Management Consultant. Government of Karnataka has issued the order for land acquisition at Padur/Heruru villages in October 2008. Approximately 182 acres of land at Padur is being acquired through Karnataka Industrial Area Development Board (KIADB), out of which possession of 101.815 acres has been taken over in May 2010.

The underground civil works have been split into two parts i.e. Part A & Part B. The Part A works have been awarded to M/s HCC for Rs 374.66 crores and Part B has been awarded to M/s SKEC-KCT JV for Rs 375.92 Crores on 29.12.2009 with completion time as 36 months. However as land was handed over by KIADB to ISPRL on 29th May 2010, the zero date for commencement of construction activities was 29th May 2010. The tender for aboveground works had been finalized by EIL and work order is in the process of awarding shortly. The overall project progress as of 31.3.2011 is 26%.

For the Mangalore-Padur pipeline Right of Use (ROU) acquisition, DC, Mangalore & DC, Udupi have nominated Special Land Acquisition Officer (SLAO) Karnataka Industrial Area Development Board (KIADB) as the land acquisition officer. ROU acquisition is being undertaken through KIADB and 3(1) notification has been issued in January 2011. Notices have been sent to individual land owners.

The significant events that occurred between 31.3.2011 and the date of the Directors' Report are:-

- i. Placement of order for Mangalore above ground works on M/s Punj Lloyd after the reverse auction process at a total cost of Rs.329.979 crores (order placed in July 2011).
- ii. Placement of order for preparation of Detailed Feasibility Report (DFR) for Phase II storages of 12.5 MMT capacity at 4 locations i.e. Padur, Rajkot, Chandikhol & Bikaner was awarded to EIL with order value of Rs.7 crores (order placed in July 2011).
- iii. Subsequent to approval of Ministry of Commerce for becoming co-developer of Free Trade Warehousing Zone (FTWZ) at Mangalore in August 2010, SEZ Board of Approval has approved "Authorized Operations" for Mangalore project in its 48th meeting held on 19.9.2011 and the project is now entitled to claim fiscal incentives available under the SEZ Act, 2005.
- iv. Submission of application for getting Padur project declared as FTWZ has been submitted to Ministry of Commerce in July 2011. SEZ Board of Approval had also approved the Padur project as FTWZ in its 48th meeting held on 19.9.2011. Statutory requirements are being taken up for availment of fiscal benefits for Padur project as are eligible for FTWZ under the SEZ Act, 2005.
- v. Final notification for acquisition of additional 42 acres of land at Padur issued in July 2011.

- vi Reverse auction for the award of Aboveground works at Padur was conducted on 29.9.2011 and M/s.Linde Engineering India Pvt. Ltd. emerged as L1 bidder at a bid price of Rs.354.25 crores.

FINANCIAL RESULTS

Summary of the Financial Results for the year ended 31st March 2011 are given below:

S. No.	Particulars	Rupees (in lakh)		Reference to Balance Sheet
(A)	Opening Balance of Pre-operative expenses as on 1 st April 2010		48115.28	Schedule 3 - Closing balance as of 31.3.2010
(B)	Pre-Operative Expenses during the year		42294.32	Schedule 3 - Difference between Closing balance of expenditure as of 31.3.2011 and Opening balances of expenditure as on 1.4.2010
(C)	Increase in Fixed Assets			Schedule 2 – from column “additions during the year”
	Fixed assets-Land	2138.11		
	Others Fixed Assets	3.59		
	Increase in Fixed Assets		2141.70	
(D)	Miscellaneous expenses during the year (to the extent not written off)			Point No. B(3) of Balance Sheet
(E)	Profit & Loss A/c		920.25	
(F)	Net Current Assets			
	(i) Current Assets, Loans & Advances	6200.01		Schedule 4
	(ii) Current Liabilities & Provisions	9911.18		Schedule 5 for current liabilities and point no. B(2) of main balance sheet for provisions
	Net Current Assets (i)-(ii)		-3711.17	
	Total Expenditure (A+B+C+D+E+F)		89760.38	

ISPRL is eligible for utilization of CENVAT credit against future tax liabilities, for taxes paid on eligible inputs taken for implementation of the projects. Also taxes paid on inputs for Mangalore and Padur projects could be eligible for refund under SEZ Act, 2005. Accordingly, CENVAT tax credit of Rs. 4694 lacs (including Rs. 2499 upto 31st March 2010) has been accumulated during 2010-11 for set off against future tax liabilities of ISPRL/refund under SEZ Act, 2005.

AUDITOR'S REPORT

Statutory Auditors of the Company i.e. M/s. Rastogi Narain & Co, Chartered Accountants have submitted their report on the accounts of the Company for the period ended 31st March 2011 and the same is annexed hereto.

C&AG, on the basis of supplementary audit conducted under section 619(3) (b) of the Companies Act, 1956 of the financial statements of the company for the year ended 31st March 2011, have made 2 observations under Section 619 (4) of the Companies Act, 1956. The observations of the C&AG along with Management reply thereto are annexed.

REPORT ON ENERGY CONSERVATIONS, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGES/OUTGO UNDER SECTION 217 (1) OF THE COMPANIES ACT:

As the Company has not yet commenced the actual business, the information in respect of power and fuel consumption and consumption per unit of production are nil. There is no foreign exchange earnings/outgo for the Company during the period under review.

PARTICULARS OF EMPLOYEES:

The information about particulars of employees pursuant to Section 217 (2A) of the Companies Act, 1956 and the rules framed there under is nil.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed :

1. That in preparation of the Annual Accounts for the financial year ended 31st March 2011, the applicable accounting standards had been followed
2. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year.
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
4. That the Directors had prepared the accounts for the financial year ended 31st March, 2011 on a 'going concern' basis.

BOARD OF DIRECTORS

ISPRL Board presently comprises of 4 part-time Non-Executive Directors (ex-officio) as follows :-

- 1) Shri G.C. Chaturvedi, Secretary, Ministry of Petroleum and Natural Gas (MOP&NG) - Chairman
- 2) Shri Sudhir Bhargava, Additional Secretary, MoP&NG - Member
- 3) Shri Arun Kumar, Secretary, OIDB - Director Incharge
- 4) Shri L.N. Gupta, Joint Secretary (R), MOP&NG - Director

The following are the changes in directorships that occurred since 1st April 2010 :-

- 1) Shri S. Sundareshan, Chairman (till 02.05.2011)
- 2) Shri G. C. Chaturvedi, Chairman (w.e.f. 11.05.2011)
- 2) Shri Sudhir Bhargava, Director (w.e.f. 19.05.2010)

The Board of Directors place on record their sincere appreciation of the valuable services rendered by Shri S. Sundareshan during his tenure on the Board.

ACKNOWLEDGEMENT:

The Board of Directors gratefully acknowledges the valuable guidance and support received from the Govt. of India and Oil Industry Development Board.

For and on behalf of the Board

Sd/-
(Arun Kumar)
Director-Incharge

Date: 25/10/2011
Place: New Delhi

AUDITORS' REPORT

TO THE MEMBERS OF INDIAN STRATEGIC PETROLEUM RESERVES LIMITED

We have audited the attached Balance Sheet of INDIAN STRATEGIC PETROLEUM RESERVES LIMITED as at 31st March 2011 and also the Profit and Loss Account and Cash Flow Statement of the company for the year ended on that date, annexed thereto.

These Financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we annex a statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we report that:
 - i. We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books; and proper returns adequate for the purpose of audit have been received from the branches not visited by us;
 - iii. The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report is in agreement with the books of account;
 - iv. In our opinion the Balance Sheet and Profit and Loss Account and Cash Flow Statement comply with the accounting standards as referred to in Section

211 (3C) of the Companies Act, 1956 *except non provision of retirement benefits as required by Accounting Standard-15, in view of the fact that company's work is presently handled by deputationists, (Refer Note No.12 of schedule 7), the effect of non-provision, has not been ascertained.*

- v. Disclosure in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not required as per Notification No. GSR 829 (E) dated October 21st 2003 issued by the Department of Company Affairs.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Accounting Policies and Notes thereon and *subject to Note no. 9 of schedule 7 regarding eligibility of CENVAT credit of Rs. 4,694 Lacs (including Rs. 2,499 Lacs upto March 2010) during the year based on the opinion of a leading consultant though the company was registered with the Service Tax Authorities in January 2011* give a true and fair view in conformity with the accounting principles generally accepted in India:
- a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011; and
- b. In case of the Profit and Loss account, of the Loss for the year ended on that date.
- c. In case of the Cash Flow Statement for the Cash Flow for the year ended on that date.

For **Rastogi Narain & Co.**
Chartered Accountants
Firm Registration No. 008775N

Sd/-
(SHANTI NARAIN)
Partner
M.No.087370
Place : New Delhi
Date : 13.09.2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date to the members of Indian Strategic Petroleum Reserves Limited for the year ended 31st March 2011)

1.
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) As explained to us the fixed assets have been physically verified by the management at the end of the year. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of its fixed assets. No discrepancies were noticed on such verification.
 - c) In our opinion, a substantial part of fixed assets have not been disposed off by the company during the year.
2.
 - a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956.
 - b) The company has not taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

Accordingly, paragraph (iii)(b), (iii)(c), (iii)(d), (iii)(e), (iii)(f) and (iii)(g) of the Order are not applicable.

3. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of fixed assets. Further, on the basis of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
4. According to the records of the company, there are no transactions that need to be entered in the Register maintained under section 301 of the Companies Act, 1956 in pursuance of said section.

5. The company has not accepted any deposits from the Public within the meaning of section 58A & 58AA or any other relevant provisions of the Act, 1956 and rules framed thereunder.
6. In Our opinion, the Company has *an internal audit system which needs to be strengthened to make the same commensurate with its size and nature of its business*
7. a) According to the information and explanations given to us and records of the company examined by us, in our opinion, the company is generally regular in depositing the statutory dues including income tax and other material statutory dues as applicable with the appropriate authorities in India. *However Tax Deduction at Source amounting to Rs. 0.08 Lacs being undisputed statutory due remains outstanding for more than six months from the date it became payable as at the last day of the financial year.*
b) According to the information and explanation given to us and the records of the company examined by us, there are no dues of sales tax, income tax, wealth tax, service tax and cess, which have not been deposited on account of any dispute.
8. In our opinion the accumulated losses of the Company are less than fifty percent of the net worth as at 31st March 2011. The Company has incurred cash losses during the financial year ended on that date and in the immediately preceding financial year.
9. The company has not taken any loan from financial institutions or banks and further no debentures have been issued by the company.
10. Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
11. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
12. According to the information and explanations given to us, the company has not given guarantee for loans taken by others from banks and financial institutions.
13. According to the information and explanations given to us, the Company has not taken any term loans.

14. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investments.
15. The company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. The company is 100% subsidiary of Oil Industry Development Board (OIDB).
16. No Debentures have been issued by the Company during the year.
17. The Company has not raised any money by public issues during the year.
18. During the course of our examination of the books and records of the company, carried out in accordance with generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such cases by the management.
19. Clause 4(ii)(a), (ii)(b), (ii)(c), 4(viii), and 4(xiii) of the Companies (Auditor's Report) are either not applicable or transactions are nil as such no detailed information/ comments have been furnished.

For Rastogi Narain & Co.

Chartered Accountants

Firm Registration No. 008775N

Sd/-

(Shanti Narain)

Partner

M.No. 87370

Place : New Delhi

Date : 13.09.2011

ANNUAL ACCOUNTS
2010-2011

Balance Sheet as on 31st March 2011

PARTICULARS	Sch	Amt. in Rupees as at 31.03.2011	Amt. in Rupees as at 31.03.2010
A. SOURCES OF FUNDS			
Shareholders Fund :			
- Share Capital	1	9,619,975,833	5,196,434,004
TOTAL		9,619,975,833	5,196,434,004
B. APPLICATIONS OF FUNDS			
1. Fixed Assets			
- Gross Block	2	898,556,903	684,386,408
Less:- Accumulated Depreciation		40,449,127	1,165,199
		858,107,776	683,221,209
- Construction Work in Progress	3	9,040,959,867	4,811,527,820
		9,040,959,867	4,811,527,820
2. Current Assets, Loans & Advances			
- Cash & Bank Balances	4	7,469,709	1,560,494
- Loans & Advances		612,531,735	330,779,820
		620,001,444	332,340,314
Less : Current Liabilities & Provisions			
- Current Liabilities	5	991,118,882	655,045,545
- Provision for Taxes	-	422,018	
		991,118,882	655,467,563
Net Current Assets		(371,117,439)	(323,127,249)
3. Profit & Loss Account			
- As per P&L Account	92,025,629	24,812,223	
TOTAL		9,619,975,833	5,196,434,004
- Statement of Significant Accounting Policies	6		
- Notes on the Accounts	7		

For and on behalf of the Board

Sd/-
(Sudha Venkata Varadhan)
Company Secretary

Sd/-
(D. K Agarwal)
Chief Finance Officer

Sd/-
(Rajan K. Pillai)
Chief Executive Officer

Sd/-
(L. N. Gupta)
Director

Sd/-
(Arun Kumar)
Director-Incharge

As per our report of even date attached
For Rastogi Narain & Co.
Chartered Accountants
FRN. 008775N

Sd/-
(Shanti Narain)
Partner
Membership No. 087370
Place : New Delhi
Date : 13.09.2011

Profit & Loss Account for the Year Ended 31.03.2011

	Amt. in Rupees for the current year	Amt. in Rupees for the previous year
Income	-	-
Total	-	-
Expenditure		
Statutory Auditors Remuneration	184,750	96,275
Internal Auditors Remuneration	75,000	-
Office Expenses	2,012,403	510,263
Depreciation / Amortisation	39,549,061	255,593
ROC Charges	3,000	6,000
Loss of Sale on Assets	160,682	-
Preliminary Expenses	-	23,944,092
Stamp Duty	25,276,234	-
Total	67,261,130	24,812,223
Loss for the Year	(67,261,130)	(24,812,223)
Less : Adj for prior period taxes	47,724	0
Loss for the year after prior period tax	(67,213,406)	(24,812,223)
Add : Balance brought forward from previous year	(24,812,223)	0
Net Loss for the period transferred to Balance Sheet	(92,025,629)	(24,812,223)
Basic Earnings Per Share	(0.13)	(0.07)
Diluted Earnings Per Share	(0.07)	(0.05)
Statement of Significant Accounting Policies	6	
Notes on the Accounts	7	

For and on behalf of the Board

Sd/-
(Sudha Venkata Varadhan)
Company Secretary

Sd/-
(D. K Agarwal)
Chief Finance Officer

Sd/-
(Rajan K. Pillai)
Chief Executive Officer

Sd/-
(L. N. Gupta)
Director

Sd/-
(Arun Kumar)
Director-Incharge

As per our report of even date attached
For Rastogi Narain & Co.
Chartered Accountants
FRN. 008775N

Sd/-
(Shanti Narain)
Partner
Membership No. 087370
Place : New Delhi
Date : 13.09.2011

**Schedules Annexed to and forming part of the Balance Sheet as on
31st March 2011**

PARTICULARS	Amt. in Rupees as at 31.03.2011	Amt. in Rupees as at 31.03.2010
Schedule-1		
<u>SHARE CAPITAL</u>		
- <u>Authorized Capital</u> (2,397,000,000 Equity Shares of Rs. 10/- each) (Previous year Equity Shares 1,000,000,000 of Rs. 10/- each)	23,970,000,000	10,000,000,000
- <u>Issued, Subscribed & Paid Up Capital</u> (519,254,076 Equity Shares of 10/- each) (Previous Year 341,243,476 Equity Shares of Rs. 10/- each)	5,192,540,760	3,412,434,760
- <u>Share Application Money</u> (Pending Allotment)	4,427,435,073	1,783,999,244
Total	9,619,975,833	5,196,434,004
Oil Industry Development Board (OIDB) and its nominees hold 100% of the Issued, Subscribed & Paid up Capital.		

Schedule-2

S. No.	Particulars	Gross Block			Depreciation			Net Block (WDV)	
		As on 01.04.10	Additions During the Year	Deletion During the Year	As on 31.03.11	During the Year	Adjustments	As on 31.03.11	As on 31.03.10
1	Leasehold Land (Mangalore)	413,105,000	-	-	413,105,000	17,518,883	-	395,586,117	413,105,000
2	Leasehold Land (Vishakhapatnam)	269,005,498	-	-	269,005,498	9,963,167	-	259,042,331	269,005,498
3	Leasehold Land (Padur)		213,811,500	-	213,811,500	11,775,133	-	202,036,367	-
4	Computer	1,216,409	675,268	103,745	1,787,932	195,899	86,887	907,599	445,088
5	Office Equipment	581,458	153,050	22,200	712,308	72,212	3,879	472,809	410,292
6	Furniture & Fixture	414,988	-	343,378	71,610	17,563	174,367	24,156	210,730
7	Books	24,359	-	-	24,359	2,500	-	15,471	17,971
8	Dip Meter	38,696	-	-	38,696	3,704	-	22,926	26,630
	T O T A L	684,386,408	214,639,818	469,323	898,556,903	39,549,061	265,133	858,107,776	683,221,209
	Previous Year	684,386,408	261,900	-	684,386,408	1,165,199	-	683,221,209	684,386,408

Balance Sheet as on 31st March 2011

Schedule-3	Amt. in Rupees as at 31.03.2011	Amt. in Rupees as at 31.03.2010
A Construction Work-in-progress (including unallocated capital expenditure, material at site)		
<u>Vishakhapatnam Cavern Storage project</u>		
Underground Civil Works	3,854,128,383	3,035,840,119
Aboveground process Facilities	746,622,030	-
Project Management Consultancy	762,903,802	600,097,601
Study & Survey	17,367,914	17,367,914
Other Project Expenses	12,212,934	6,630,077
Head Office Expenses	78,610,536	58,377,530
<u>Padur Cavern Storage project</u>		
Underground Civil Works	1,270,084,862	-
Project Management Consultancy	615,591,253	469,646,370
Study & Survey	13,873,430	13,336,681
Other Project Expenses	2,994,084	1,527,156
Head Office Expenses	14,854,729	7,728,144
<u>Mangalore Cavern Storage project</u>		
Underground Civil Works	1,103,214,586	193,142,121
Project Management Consultancy	513,281,017	380,205,390
Study & Survey	14,963,137	14,353,931
Other Project Expenses	4,575,693	3,839,457
Head Office Expenses	15,681,478	9,435,329
Total	9,040,959,867	4,811,527,820

Schedule-4 Current Assets, Loans and advances	Amt. in Rupees as at 31.03.2011	Amt. in Rupees as at 31.03.2010
<u>Cash & Bank Balances</u>		
- Cash in hand	15,783	23,670
- Balances with scheduled bank (in current accounts)	7,453,926	1,536,824
	7,469,709	1,560,494
<u>Loans & Advances (unsecured considered good)</u>		
Advance against land (Padur)	111,400,000	325,211,500
Advance Against Diesel Padur Project	9,973,822	-
Security Deposits	10,397,644	2,047,820
Service Tax Cenvet Credit	469,460,689	-
Advance Fringe Benefit Tax	-	408,380
Advance Income Tax	218,965	143,733
Advances recoverable in cash or in kind or for value to be received	11,080,616	2,968,387
Total	612,531,735	330,779,820

Schedule - 5 Current Liabilities & Provisions	Amt. in Rupees as at 31.03.2011	Am. in Rupees as at 31.03.2010
<u>Current Liabilities</u>		
Sundry Creditors for Goods & Expenses	739,702,922	526,868,267
Security / Earnest Money Deposit	566,417	266,761
Provision for Stamp Duty	26,209,234	933,000
Other Liabilities	224,640,310	126,977,517
Total	991,118,882	655,045,545

SIGNIFICANT ACCOUNTING POLICIES

1 a. Basis of accounting

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, under the historical cost convention on the accrual basis of accounting and in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India referred to in section 211(3C) of the Companies Act 1956.

b. Use of estimates

The financial statements have been prepared in conformity with generally accepted accounting policies requiring management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported accounts of revenues and expenses for the years presented.

c. Fixed Assets/ Intangible Assets

Fixed Assets

All fixed assets are stated at cost less accumulated depreciation. Cost includes purchase price and all other attributable costs of bringing the assets to working condition for intended use.

Land acquired on perpetual lease as well as on lease for over 99 years is treated as free hold land. Land acquired on lease for 99 years or less is treated as leasehold land.

Intangible Assets

Intangible assets are recognized if:

- it is probable that the future economic benefits that are attributable to the assets will flow to the company, and
- the cost /fair value of the assets can be measured reliably.

d. Depreciation / Amortization

Depreciation is provided on written down value method at the rates specified in Schedule XIV to the Companies Act 1956.

The Land Cost is amortized over the remaining period of lease.

e. Revenue Recognition ; Construction Work in Progress & Allocation and Apportionment of expenses

i. The project for Strategic Oil Reserves is under implementation and the Company has not started commercial operations. The Profit & Loss account is prepared to comply with Accounting Standard 26 on Intangible Assets issued by The Institute of Chartered Accountants of India. As per Accounting Standard 10 on Fixed Assets, expenses not attributable to the projects are charged to Profit & Loss account.

ii. The expenses incurred for project development, feasibility studies, fees to pollution control Boards, Project Management Consultancy charges, Land acquisition expenses, payments made to the contractors (underground/ aboveground), Advertisement expenses, Insurance premia, cost of diesel supplied for underground works etc. have been shown as “Construction Work In Progress”.

iii. The indirect/incidental expenses (including Head Office expenses) are apportioned to all the three projects i.e. Vishakhapatnam, Mangalore and Padur in proportion to the direct expenditure incurred as on the close of the financial year.

f. Provisions and contingencies

The Company recognises a provision when there is present obligation as a result of past event and it is more likely than not that there will be an outflow of resources to settle such obligation and the amount of such obligation can be reliably estimated. Provisions are not discounted to their present value and are determined based on the management’s best estimate of the amount of obligation at the year-end. These are reviewed at each balance sheet date and adjusted to reflect management's best estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events not wholly within the control of the Company. Contingent liabilities are also disclosed for present obligations in respect of which it is not probable that there will be an outflow of resources or a reliable estimate of the amount of obligation cannot be made.

When there is a possible obligation or a present obligation where the likelihood of an outflow of resources is remote, no disclosure or provision is made.

g. Impairment of assets

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of the future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the assets net selling price and present value as determined above. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is recorded only to the extent that assets carrying cost does not exceed the carrying amount that would have been determined net of depreciation and amortisation, if no impairment loss has been recognised.

h. Leases

Operating leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognized as operating leases. Lease payments under operating lease arrangements are recognized as an expense under the head Construction work in progress on a straight line basis over the lease term.

2. Employee Benefits

As on date the Company had no employee on its own payroll and the company's work is presently handled by deputationists. Hence the provision of AS-15 on "Employee Benefits" are not applicable.

3. Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions. Monetary items denominated in foreign currency and outstanding at the balance sheet date are translated at the exchange rate prevailing on the balance sheet date. Exchange differences on foreign exchange transactions other than those relating to fixed assets are recognised appropriately. Any gain/loss on exchange fluctuation on the date of payment of expenditure incurred for acquisition of fixed assets is treated as an adjustment to the carrying cost of such fixed assets.

4. Taxation

Income tax comprises current tax and deferred tax. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted by the balance sheet date. As a prudent measure the Company has not recognized Deferred Tax Asset.

5. Earning Per Share

Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity share outstanding during the period.

For the purpose of calculating Diluted Earnings PerShare, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period will be adjusted for the effects of all dilutive potential equity shares.

NOTES FORMING PART OF THE ACCOUNTS

1. Background

Indian Strategic Petroleum Reserves Limited was incorporated on 16th June 2004 by IOCL as its subsidiary. The entire shareholding of the Company was taken over by OIDB and its nominees on 9th May 2006.

The main objects of the Company are to own and control its crude oil inventories and to coordinate the release and replacement its Crude Oil stock as per the specific instruction of the Government and to carry on the business of storage, handling, treatment, carriage, transport, dispatch, supply, market, research, advice, consultancy, service providers, brokers and agents, engineering and civil designers, contractors, wharfingers, warehousesman, producers, dealers of oil and oil products, gas and gas products, petroleum and petroleum products, fuels, spirits, chemicals, liquids of all types and kinds and the compounds, derivatives, mixtures, preparations and products thereof.

2. Contingent liabilities and commitments

a. Capital Commitments

	As on 31.3.2011 (Rs. Lacs)	As on 31.03.2010 (Rs. Lacs)
Estimated amount of contracts remaining to be executed on capital account not provided for	1,52,679 (approx)*	1,89,900 (approx)*

* Mainly comprises balance commitments arising out of major contracts signed by company for project execution activities with

- M/s.Engineers India Limited for Project Management Consultancy
- Contractors for underground civil works at Vishakhapatnam/Mangalore & Padur
- Aboveground process facilities at Vishakhapatnam
- M/s. MRPL and IOCL for diesel supplies (at current product rate for balance quantity to be supplied)
- Annual lease rentals for Vishakhapatnam land, development etc.

b. Contingent Liabilities

	As on 31.3.2011 (Rs. Lacs)	As on 31.03.2010 (Rs. Lacs)
Contingent liabilities	8,137	7,000

- Mangalore Special Economic Zone revised land cost.
- Re-routing of two-lane by pass road in Mangalore Special Economic Zone.
- Construction of 2.6 KM long and 6 Mtr. wide road at padur.
- Development of green belt

- c. In June 2011, Cabinet Committee on Economic Affairs had approved revised cost estimates of Rs.1,03,800 lacs for Vishakhapatnam project, as against the estimated cost of Rs.67,183 lacs (at September 2005 prices). The revision in the cost is on account of cost escalation, exchange rate variations, enhancement in capacity, additions/deletions made to take care of site conditions and technological improvements, increase in statutory levies, owners cost etc. but it excludes costs for security arrangements at Vishakhapatnam site.

3. Estimated cost of construction

- a. The estimated cost of construction as determined are based on contract signed for underground civil works, above ground process facilities, pipeline works etc. expected to be incurred over the period of time, on the project, till the final completion and includes cost of land, materials, services and other related overheads.
- b. As on the date of Balance Sheet i.e. 31st March 2011, the construction activities were in progress at Vishakhapatnam, Mangalore and Padur projects. Direct Costs and allocable costs incurred upto balance sheet date is shown under Construction Work In Progress. Expenses incurred during the year 2010-11, which are not attributable to the projects, have been charged to the Profit & Loss account.
4. a. Department of Mines & Geology of Government of Karnataka had permitted the Company to dispose off the excavated material to the suitable buyers after the payment of Seigniorage fee/Royalty to the department as per the rules for Padur& Mangalore Projects. No quarrying license is required for excavation at Mangalore and Padur Projects. Seigniorage fee/royalty shall be payable by the buyer of the material.

- b. The Company has issued the tender documents for award of the job for disposal of excavated material at Padur. However at Mangalore, an interim stay has been granted by the Hon'ble Karnataka High Court on writ petition filed by one of the bidder contending that it has been permitted by Mangalore Special Economic Zone to dispose off the rock from the Company's Mangalore site and had installed a crusher unit near the site. The Company is in process for vacation of the stay.
5. The Vishakhapatnam underground excavation was targeted for completion by April 2011, but this could not be achieved due to various reasons, therefore time for the completion is extended up to 29th October 2011. The progress at Vishakhapatnam was also impacted due to failure of rock wedge occurred on 7th April 2011 in Cavern A which resulted in a casualty. The repair and restoration works have been commenced and insurance cover is available for reinstatement of loss.
6. a. The cost of land on which the construction activities were in progress at all the three sites have been capitalized, though lease deeds are yet to be executed. No amortization of lease hold land was done upto the last year. The Company has decided to amortise the land cost and charge to Profit & Loss account
- b. At Vishakhapatnam, out of the committed 38 acres of land, the Company vide letter dated 23.05.2011 has surrendered 1 Acre of unusable leasehold land taken from Vishakhapatnam Port Trust (VPT). The VPT has accepted the land returned by the company. However, VPT have made no refund so far. Refunds, if any received would be recognized in the books of accounts in the year in which these would actually be received from VPT. In addition, at the request of IOTIESL (through ISPRL) for establishment of their temporary site office, VPT have handed over 1.98 acres of land through ISPRL, for which security deposit and other charges have been borne by IOTIESL.
- c. The Company had deposited Rs.3,252.11 lacs with Karnataka Industrial Areas Development Board (KIADB) for acquisition of 140.65 acres of land for Padur project, which was accounted as advance in the previous year. KIADB has already handed over possession of 101.815 acres of land, which has been capitalized at a cost of Rs.2,138.11 lacs at the rate of Rs.21 lacs per acre indicated by KIADB including the Relief & Rehabilitation assistance paid to the project displaced families. Balance available of Rs.1,114 lacs continues to be treated as advance against remaining land still to be acquired through KIADB, which is considered to be sufficient for the purpose.

7. The share capital of the Company of Rs.96,199 lacs includes equity shares of Rs.51,925 lacs allotted in May 2010 and Rs.44,274 lacs pending allotment as of 31st March 2011. The share certificates for shares allotted during current financial year would be issued in next financial year as the decision to pay stamp duty has been taken after 31st March 2011.
8. Till the previous financial year the Company did not provide provision for entire Stamp Duty on lease deeds to be executed and on issue of shares, as the management was of the opinion that the Company is exempt from the payment of Stamp Duty under Section 3 of Indian Stamp Act. During the current year the Company has created provision of Rs. 262 lacs for payment of Stamp Duty on share certificates and lease deeds and actual payment could be released after approval of concerned stamping authorities.
9. The Company shall provide Warehousing services for Crude Oil in facilities being developed at different locations in India. The Company registered with Service Tax Authorities in January 2011 and is therefore eligible for CENVAT credit. Based on the opinion of a leading consultant the Company has credited CENVAT credit amounting to Rs. 4,694 lacs (including Rs. 2,499 upto 31st March 2010) during this year and has shown under the head Loans & Advances (unsecured considered good) as CENVAT credit receivable (Refer Schedule 4).
10. Approval for becoming Co-developer of Free Trade Warehousing Zone (FTWZ) at Mangalore was given by Ministry of Commerce in August 2010. The fiscal benefits could be availed by the Company after receipt of approval from competent authorities for authorised operations/list of goods and services utilized for construction activities, for which applications have been submitted and the approvals are awaited. The Company has also submitted application for becoming FTWZ at Padur.
11. Retention money of Rs.1,650 lacs specified in Schedule no.5 is towards 5% of the value of work done for variable items, payment of which would be released after successful completion of the contracts. The retention money has been provided for as payable in the accounts.
12. As on 31st March 2011, the Company's day to day work was handled by 13 personnel taken on deputation HPCL (6), ONGC (3), IOCL (1), GAIL (1)& OIDB (2) and their Leave salary and Pension contribution is reimbursed on Proportionate basis to their respective parent companies on receipt of claim thereof.
13. Advance recoverable in cash or kind or kind for value to be received including amount due from other companies in which any director is a director or member is Rs. NIL (Previous Year-Rs. NIL).

(c) **CIF value of imports**

Particulars	Year ended 31.3.2011 (Rs.)	Year ended 31.3.2010 (Rs.)
CIF value of imports	4026 lacs*	NIL

* CIF Value of equipment imported by contractor M/s IOTIESL with the company as a consignee (Material landed in April 2011 & May 2011)

17. Deferred Tax

In the absence of Taxable Income no provision for income tax has been considered necessary. Further, Deferred Tax Asset has also not been recognized as there is no virtual certainty with convincing evidence that sufficient future taxable income will be available against which such Deferred Tax Asset can be adjusted.

18. The Micro, Small and Medium Enterprises Development Act, 2006.

The Government of India has promulgated an Act namely 'The Micro, Small and Medium Enterprises Development Act, 2006' which came into force w.e.f October 2, 2006. As per the Act, the Company is required to identify the Micro, Small and Medium Enterprises and pay the interest on overdue beyond the specified period irrespective of the terms agreed with the suppliers. The company had written to such enterprises/ suppliers and has so far not received any confirmation from its suppliers of being a Micro or a Small or Medium Enterprise. Hence, liability in this case is NIL / insignificant in view of suppliers' profile of the company.

19. Related Party Transactions

a. List of related parties and relationships

- i. Entities or key management personnel, which exercise significant influence-*
- Oil Industry Development Board is holding 100% equity in the company
 - Hindustan Petroleum Corporation Limited (*CEO is on deputation from Hindustan Petroleum Corporation Ltd.*)

ii. *Key Management Personnel* (Board of Directors)

- Shri G.C. Chaturvedi, Chairman (11th May 2011)
- Shri S. Sundareshan, Chairman (2nd May 2011)
- Shri Sudhir Bhargava, Director
- Shri Arun Kumar, Director Incharge
- Shri L.N. Gupta, Director

iii. Remuneration to Board of Directors is NIL (Previous Year-NIL)

iv. Remuneration to Shri Rajan K. Pillai, CEO

Particulars	Year ended 31.3.2011 (Rs.)	Year ended 31.3.2010 (Rs.)
Remuneration to CEO during 2010-11 (Includes amounts contained in HPCL Debit notes and direct payments made by company)	32,00,000 (approx)	27,00,000 (approx)

b. Balances outstanding/transactions with related parties:

Figures in Rs.

Particulars	Oil Industry Development Board		Hindustan Petroleum Corporation Ltd*	
	Year ended 31.3.2011	Year ended 31.3.2010	Year ended 31.3.2011	Year ended 31.3.2010
(i) <u>Transaction during the year</u> Expenses incurred on behalf of the Company	43,71,829	38,93,238	1,11,55,710	23,47,875
(ii) Balances at the year end	442,74,35,073	178,39,99,244	29,24,591	40,12,851
Total	443,18,06,902	178,78,92,482	1,40,80,301	63,60,726

* To be reimbursed to HPCL for salaries of CEO & others

c. Maximum amount due by directors or other officers at any time during 2010-11 is NIL (Previous Year Rs. Nil)

20. There are no dues payable to Small Scale Industrial Undertakings. Contractors/service providers accounts, in debit/credit, are subject to confirmation, reconciliation and consequential adjustments thereof, if any.
21. The company has a constituted Audit Committee under section 292A of the Companies Act, 1956 with the following composition (reconstituted during Board Meeting held on 19th May 2010):
- | | | |
|--|---|----------|
| Shri Sudhir Bhargava, Additional Secretary, MoP&NG | — | Chairman |
| Shri L.N. Gupta, Joint Secretary (R), MOP&NG | — | Member |
| Shri Arun Kumar, Secretary, OIDB | — | Member |
22. Balances of the Contactors are subject to confirmation.
23. Previous year's figures have been regrouped wherever necessary to make them comparable with current years' figures. Expenses during the year that are not directly attributable to projects have been charged off to Profit & Loss account.

Schedules 1 to 7 form an integral part of the Balance Sheet and Profit & Loss Account.

For and on behalf of the Board

Sd/-
(Sudha Venkata Varadhan)
Company Secretary

Sd/-
(D. K Agarwal)
Chief Finance Officer

Sd/-
(Rajan K. Pillai)
Chief Executive Officer

Sd/-
(L. N. Gupta)
Director

Sd/-
(Arun Kumar)
Director-Incharge

As per our report of even date attached
For Rastogi Narain & Co.
Chartered Accountants
FRN. 008775N

Sd/-
(Shanti Narain)
Partner
Membership No. 087370

Place : New Delhi
Date : 13.09.2011

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

I. Registration Details

Registration No. State Code
 Balance Sheet Date

II. Capital Raised during the year (Amount in Rupees in Thousand)

Public Issue N I L Right Issue N I L
 Bonus issue N I L Private Placement

III. Position of Mobilisation and deployment of Funds (Amount in Rupees in Thousand)

Total Liabilities
 Total Assets

Sources of Funds (Amount in Rupees in Thousand)

Paid up Capital Reserves & Surplus N I L Share Application Money
 Secured Loans N I L Unsecured Loans N I L

Application of Funds (Amount in Rupees in Thousand)

Net Fixed Assets Investments N I L
 Net Current Assets Work in Progress
 Misc. Expenditure N I L

IV. Performance of Company (Amount in Rupees in thousand)

Turnover N I L Total Expenditure
 Profit / (Loss) before Tax Profit / (Loss) after Tax
 Earning per equity Share in Rs. Dividend

V. Generic Name of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)	NA
Product Description	NA
Item Code No. (ITC Code)	NA
Product Description	NA
Item Code No. (ITC Code)	NA
Product Description	NA

For and on behalf of the Board

Sd/-
 (Sudha Venkata Varadhan)
 Company Secretary

Sd/-
 (D.K. Agarwal)
 Chief Finance Officer

Sd/-
 (Rajan K. Pillai)
 Chief Executive Officer

Sd/-
 L. N. Gupta
 Director

Sd/-
 Arun Kumar
 Director

As per our report of even date attached
 For Rastogi Narain & Co.
 Chartered Accountants
 Firm Registration No. 008775N

Sd/-
 (Shanti Narain)
 Partner
 M. No. 087370
 Place : New Delhi
 Date : 13-09-2011

Cash Flow Statement - Financial year 2010-2011 (Indirect Method)

		Amount in Rupees	Amount in Rupees
	Opening Balance of Cash & Bank- (1)		1,560,494
A	Cash Flow from Operating activities		
	Net Loss	(67,213,406)	
	<u>Adjustments for</u>		
	Depreciation	39,283,929	
	Interest Income	448,187	
	Increase in Construction Work in Progress	(4,196,274,493)	
	Increase in Current Liabilities	335,651,320	
	Payment of salary, wages and other operative expenses	(33,605,740)	
	Cash Flow from Operating activities		(3,921,710,204)
B	Investing Activities		
	Purchase of fixed assets, investments	(214,170,495)	
	Advances/loans made to third parties	(281,751,915)	
	Cash Flow from Investing activities		(495,922,410)
C	Financing Activities		
	Issue of share capital, debentures for cash	4,423,541,829	
	Cash Flow from Financing activities		4,423,541,829
	Total Cash Flow (2)		5,909,215
	Closing Balance of Cash & Bank (1)+(2)		7,469,709

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF INDIAN STRATEGIC PETROLEUM RESERVES LIMITED FOR THE YEAR ENDED 31ST MARCH 2011.

The preparation of financial statement of Indian Strategic Petroleum Reserves Limited for the year ended 31st March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 13th September 2011.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of Indian Strategic Petroleum Reserves Limited for the year ended 31 March 2011. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to the inquiries of the statutory auditors and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 619 (4) of the Companies Act, 1956 which have come to my attention and which in my view is necessary for enabling a better understanding of the financial statements and the related Audit Report.

Balance Sheet:

Fixed Assets (Gross Block) :	Rs. 89.86 crore
Current Liabilities :	Rs. 99.11 crore

- (i) A Firm liability of Rs. 18.29 crore towards additional cost of Mangalore leasehold land has not been provided for in the accounts. As such, there is understatement of 'Current Liabilities' and 'Fixed Assets (Gross Block)' by Rs. 18.29 crore each. This has resulted in short-amortization towards the leasehold land by Rs. 0.40 crore.

- (ii) There is excess amortization of Rs. 0.88 crore towards the initial cost of Mangalore leasehold land.

As a result of above, Loss for the year is overstated by Rs. 0.48 crore (Rs. 0.88 crore - Rs 0.40 crore)

**For and on behalf of the
Comptroller and Auditor General of India**

**Sd/-
(Naina A. Kumar)
Principal Director of Commercial Audit
& Ex-officio Member Audit Board-II,
New Delhi**

**Place : New Delhi
Date : 20/10/11**

**COMMENTS OF C&AG ON ACCOUNTS OF ISPRL FOR THE YEAR
ENDING 31.3.2011 AND MANAGEMENT REPLY THEREON**

COMMENTS OF C&AG	MANAGEMENT REPLY
<p>Balance Sheet Fixed Assets (Gross Block) : Rs. 89.86 crore</p> <p>i) A firm liability of Rs.18.29 crore towards additional cost of Mangalore leasehold land has not been provided for in the accounts. As such, there is understatement of 'Current Liabilities' and 'Fixed Assets (Gross Block)' by Rs.18.29 crore each. This has resulted in short-amortization towards the leasehold land by Rs.0.40 crore</p>	<p>In accordance with the decisions taken in a meeting Chaired by Secretary, Petroleum on 16.8.2011, ISPRL is required to pay for the portion of land after excluding Green Belt area. The actual liability payable by ISPRL is coming to approximately Rs.60 crores, out of which payment of Rs.41.31 crores have been already released and capitalized in the books of accounts. Now that actual amount payable is firmed up, ISPRL would be providing for the balance land cost on actual basis in the year 2011-12.</p>
<p>ii) There is excess amortization of Rs.0.88 crore towards the initial cost of Mangalore leasehold land.</p> <p>As a result of above, Loss for the year is overstated by Rs.0.48 crore (Rs.0.88 crore-Rs.0.40 crore)</p>	<p>The tentative cost of Rs. 41.31 crores paid initially to Mangalore SEZ Limited (MSEZL) towards cost of land on a provisional basis for taking possession and starting the construction of facilities on site has been capitalized. Balance payable towards cost of land in the best judgement of management as on the date of finalization of the Balance Sheet has been provided as contingent liabilities. Inclusion of provision as contingent liability for amortization has been a mistake and the excess amortization, as pointed out, would be adjusted during Financial year 2011-12.</p>



CHAPTER - VIII

APPENDICES

ANNUAL REPORT 2010-2011

Section 6 of the Oil Industry (Development) Act, 1974 - Functions of the Board

6 (1) Subject to the provisions of this Act and the rules made thereunder, the Board shall render, in such manner, to such extent and on such terms and conditions as it may deem fit, financial and other assistance for the promotion of all such measures as are, in its opinion, conducive to the development of oil industry.

(2) Without prejudice to the generality of the provisions of sub-section (1), the Board may render assistance under that sub-section by :-

- (a) making grants or advancing loans to any oil industrial concern or other person who is engaged or is engage in any activity referred to in clause (k) of section 2;
- (b) guaranteeing on such terms and conditions as may be agreed upon loans raised by any oil industrial concern or other person which are repayable within a period not exceeding twenty-five years and are floated in the market or loan raised by an oil industrial concern or other person from any bank which is a scheduled bank, or a state co-operative bank, as defined in the Reserve Bank of India Act, 1934.
- (c) guaranteeing on such terms and conditions as may be agreed upon loan deferred payments due from any oil industrial concern or other person in connection with import of capital goods from outside India or in connection with purchase of capital goods within India by such concern or other person;
- (d) guaranteeing on such terms and conditions as may be agreed upon loans raised from or credit arrangements made with any bank or financial institution in any country outside India, by any oil industrial concern or other person in foreign currency; Provided that no such guarantee shall be given without the prior approval of the Central Government.
- (e) underwriting the issue of stock, shares, bonds or debentures by any oil industrial concern and retaining as part of its assets any stock, shares, bonds or debentures which it may have to take up in fulfillment's of its obligations thereto;
- (f) acting as agent for the Central Government or, with its approval for any overseas financial organisation of credit agency in the transaction of any business with any oil

industrial concern in respect of loans or advances granted or debentures subscribed by the Central Government or such organisation or agency;

- (g) subscribing to the stock or shares of any oil industrial concern;
- (h) subscribing to the debentures of any oil industrial concern repayable within a period not exceeding twenty- five years from the date on which they are subscribed to;

Provided that nothing contained in this clause shall be deemed to preclude the Board from subscribing to the debentures of any oil industrial concern, the amounts outstanding thereon may be convertible at the option of the Board into stock or shares of that concern within the period the debentures are repayable.

Explanations In this clause, the expression “amounts outstanding thereon” used in relation to any loan or advance shall mean the principal, interest and other charges payable on such loan or advance as at the time when the amounts are sought to be converted in to stock or shares.

(3) without Prejudice to the generality of the provision of sub-section (1), the measures for the promotion of which the Board render assistance under that sub-section may include measures for or by way of :-

- (a) prospecting for and exploration of mineral oil within India (including the continental shelf thereof) or outside India;
- (b) the establishment of facilities for production, handling, storage and transport of crude oil;
- (c) refining and marketing of petroleum and petroleum products;
- (d) the manufacture and marketing of petrochemicals and for fertilizers;
- (e) scientific, technological and economic research which could be directly or indirectly, useful to oil industry;
- (f) experimental or pilot studies in any field of oil industry;
- (g) training of personnel, whether in India or outside, engaged or to be engaged in any field of oil industry, and such other measures as may be prescribed.

- (4) The Board may charge such fees or receive such commissions as it may deem appropriate for any services rendered by it in the exercise of its functions.
- (5) The Board may transfer for consideration any Instrument relating to loans or advances granted by it to any oil industrial concern or other person.
- (6) The Board may do all such things as may be incidental to or consequential upon the discharge of its functions under this Act.